State of Alabama

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2014

Front cover: Alabama red-bellied turtle hatchling (Pseudemys alabamensis), the official State reptile. This endangered species exists only in the Mobile-Tensaw River Delta in southwest Alabama.
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Comments concerning this report should be addressed to:

Office of the State Comptroller
Financial Reporting Section
RSA Union, Suite 206
Montgomery, AL 36130-2602

STATE OF ALABAMA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2014

Robert Bentley
Governor

Young Boozer
State Treasurer

Bill Newton
Acting Director of Finance

Samantha Shaw
State Auditor

Prepared by the
Department of Finance, Office of the State Comptroller
Thomas L. White, Jr., CPA • State Comptroller

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Robert Bentley
Governor

Bill Newton
Acting Director of Finance

Thomas L. White, Jr., CPA
State Comptroller

Janice A. Hamm, CPA
Deputy State Comptroller

March 31, 2015

To the Honorable Governor,
Members of the State Legislature, and
the Citizens of Alabama:

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the State of Alabama for the year ended September 30, 2014. I believe the information as presented is accurate in all material respects and complies with Article IV, Section 72 of the *Constitution of Alabama of 1901* and Section 41-4-3(4) of the *Code of Alabama 1975*, as amended. The completeness and fairness of the presentation, including all disclosures, rests with the State's management. This report complies with Article V, Section 137 of the *Constitution of Alabama of 1901* and Section 36-16-1(6) of the *Code of Alabama 1975*, as amended, as the financial report for the State Auditor, State Treasurer, and State Comptroller.

Introduction to the Report

Internal Controls

The internal controls in the State's accounting system have been designed to comply with Alabama statutes requiring the audit of receipts and receivables; the determination of legality and correctness of each claim and expenditure; and that funds are appropriated, allotted, and on deposit in the State Treasury before any warrant is issued. The internal controls include manual pre-audit and automated system edits. As an additional control, the State Auditor's Office is responsible for a post-audit of the accounts and records of the Department of Finance and the State Treasurer's Office. These internal accounting controls provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss or unauthorized disposition and the reliability of the financial records from which the financial reports are prepared. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefits.

Audit

This CAFR has been audited by the Department of Examiners of Public Accounts. The Examiners conducted their audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Examiners' unmodified opinion appears at the beginning of the financial section of this report. The State will also undergo an audit of federal programs to conform to the requirements of the *Single Audit Act Amendments of 1996* and the *U.S. Office of Management and Budget Circular A-133*, *Audits of States, Local Governments, and Non-Profit Organizations*. Information relating to the single audit, including the schedule of expenditures of federal awards, and audit findings and recommendations, is issued in a separate report and will be available at a later date from the Department of Examiners of Public Accounts.

Management's Discussion and Analysis

Governmental Accounting Standards Board (GASB) Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the Basic Financial Statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report. The MD&A provides an overview of the State's financial activities addressing both governmental and business-type activities reported in the government-wide financial statements. In addition, the MD&A focuses on the State's major funds, such as the General Fund, Education Trust Fund, Alabama Trust Fund, and Unemployment Compensation Trust Fund.

Profile of the Government

Reporting Entity

This report presents financial information on all of State government as a single reporting entity. While state law allows many state organizations to operate largely independent of the daily central control and scrutiny of the Department of Finance, State Auditor, and State Treasurer, this report combines the financial data of all state organizations in order to present a comprehensive picture of state finances. The numerous departments, agencies, elected officials, boards, commissions, authorities, colleges, universities, and other organizational units of the State are included in this report in accordance with standards established by the Governmental Accounting Standards Board. These standards make a distinction between organizations which are considered to be part of the primary government of the State and those which are component units. A component unit is defined as a legally separate corporate entity for which the State is considered to be financially accountable. The criteria used to determine financial accountability include the appointment of a majority of the governing board, the ability of the State to impose its will on the organization, and the potential for the organization to be a financial benefit or financial burden to the State. The State is also considered financially accountable for any organization having an independently appointed board if that organization is fiscally dependent on the State. An organization is fiscally dependent if it is unable to adopt a budget, set rates or charges, or issue bonded debt without the approval of the State. Component units can be reported as if they are a part of the primary government ("blended presentation") if they provide services solely to the government or if their debt is repaid solely by the government, but many of the State's component units do not and are therefore presented separately ("discrete presentation") in these financial statements. The largest of the blended component units includes the Public School and College Authority, Department of Mental Health, and the Federal Aid Highway Finance Authority. The major discretely presented component units are the University of Alabama, Auburn University, the University of South Alabama, the Alabama Housing Finance Authority, the Public Education Employees' Health Insurance Board, and the State Employees' Health Insurance Board. Note 1 to the financial statements provides a more complete description of the State's reporting entity.

Budgetary Controls

Budgetary control is exercised through the Executive Budget Office of the Department of Finance based on the Appropriation Acts of the State Legislature. Alabama's annual Appropriation Acts include legally adopted budgets for the General Fund, the Education Trust Fund, and other budgeted funds. The Appropriation Acts identify the source of funding and the programmatic (functional) areas for which expenditures are authorized. Both the *Constitution of Alabama of 1901* and the statutes require a balanced budget for annual financial operations. In the event that revenue collections do not meet budget projections, the Governor is required to prorate appropriations and restrict allotments to prevent an overdraft in any fiscal year for which appropriations are made. Allotments of appropriations are made quarterly based on plans of operations submitted by the departments and agencies. These appropriations and allotments are enforced by automated edits that prevent allotments in excess of appropriations and expenditures in excess of allotments. Encumbrance accounting is utilized as purchase orders are issued to insure that purchase orders plus expenditures do not exceed allotment balances. Controls are further tightened at fiscal year-end by verifying that the total of purchase orders plus expenditures plus any obligations (accounts payable) incurred against fiscal year appropriations do not exceed allotments, and remaining allotments do not exceed cash in the Treasury.

Cash Controls

The State's controls on cash are fiscally very conservative. Amendment 26 to the *Constitution of Alabama of 1901* prohibits the State Comptroller from drawing warrants on the State Treasury unless there is money on hand to cover those warrants. This is more restrictive at the end of the fiscal year when obligations (encumbrances and accounts payable) cannot exceed the available cash balance (cash less warrants payable). This control is enforced by automated edits and tends to result in positive fund balances, even when generally accepted accounting principles (GAAP) basis accruals are made in the financial statements. Compliance with Amendment 26 is demonstrated in the following exhibits for the General Fund and the Education Trust Fund.

Summary of Receipts, Disbursements, and Cash Balances
General Fund
Last Five Fiscal Years - Cash Basis (Treasury Cash Only)
(Amounts in Thousands)

	2014	2013	2012	2011	2010
Beginning Cash Balance, October 1	**$ 122,204**	**$ 82,198**	**$ 78,027**	**$ 135,668**	**$ 187,281**
Receipts	1,754,573	1,725,226	1,683,865	1,517,092	1,428,089
Disbursements	1,748,315	1,685,220	1,679,694	1,574,733	1,479,702
Net Increase (Decrease) in Cash Balance	**6,258**	**40,006**	**4,171**	**(57,641)**	**(51,613)**
Ending Cash Balance, September 30	**128,462**	**122,204**	**82,198**	**78,027**	**135,668**
Cash Balance Reserved for Obligations	44,843	60,901	39,825	33,640	40,974
Unobligated Cash Balance, September 30	**$ 83,619**	**$ 61,303**	**$ 42,373**	**$ 44,387**	**$ 94,694**

Summary of Receipts, Disbursements, and Cash Balances
Education Trust Fund
Last Five Fiscal Years - Cash Basis (Treasury Cash Only)
(Amounts in Thousands)

	2014	2013	2012	2011	2010
Beginning Cash Balance, October 1	**$ 325,918**	**$ 97,745**	**$ 59,280**	**$ 80,532**	**$ 51,280**
Receipts	5,802,736	5,683,296	5,704,208	5,337,664	5,217,470
Disbursements	6,071,687	5,455,123	5,665,743	5,358,916	5,188,218
Net Increase (Decrease) in Cash Balance	**(268,951)**	**228,173**	**38,465**	**(21,252)**	**29,252**
Ending Cash Balance, September 30	**56,967**	**325,918**	**97,745**	**59,280**	**80,532**
Cash Balance Reserved for Obligations	49,893	59,743	77,800	50,676	68,759
Unobligated Cash Balance, September 30	**$ 7,074**	**$ 266,175**	**$ 19,945**	**$ 8,604**	**$ 11,773**

General Fund and Education Trust Fund Balances

The fund balances for the General Fund and the Education Trust Fund for the last five fiscal years are presented in the following table. The fiscally conservative nature of Amendment 26 to the *Constitution of Alabama of 1901* tends to produce positive fund balances. However, in 2009 the Education Trust Fund used the provisions of Amendment 803 to the *Constitution of Alabama of 1901* to borrow $437.4 million from the Alabama Trust Fund in order to avoid deeper cuts from proration. The General Fund borrowed $161.6 million in 2010 under the provisions of Amendment 803 to the *Constitution of Alabama of 1901*. The full amount of the loan to the General Fund remains outstanding and $92.6 million remains outstanding for the Education Trust Fund. The loans left the Education Trust Fund with a deficit fund balance 2010 through 2013.

Fund Balances - GAAP Basis
(Amounts in Millions)

	2014	2013	2012	2011	2010
General Fund	$ 124.4	$ 94.5	$ 13.3	$ (20.2)	$ 84.7
Education Trust Fund	28.8	(93.7)	(291.8)	(203.1)	(244.5)

Cash Management

The State Treasurer has the responsibility for the investment of cash balances. In accordance with statutory requirements, treasury cash may be invested in Alabama bank deposits, repurchase agreements, U.S. Treasury securities and Agency securities.

The State Treasurer has placed considerable emphasis on cash management. In cooperation with state agencies, the receiving of funds into the State Treasury is expedited, with all excess funds earning interest. Investment earnings received during the 2014 fiscal year were as follows:

Bank Deposits	$ 3.6 million
US Treasury and Agency Securities	$ 8.6 million

Investment earnings are deposited in the State's General Fund to be appropriated by the State Legislature for government operations. In addition to the management of the investment of these funds, the State Treasurer initiates investments for several state agencies, with investment earnings being credited to those agencies.

Economic Condition and Outlook

In 2014, Alabama's economy grew at a slightly higher pace than in 2013. Consumer spending increased moderately as Alabama's gross domestic product (ALGDP) rose by 2.0 percent. The State's unemployment rate remained the same in 2014 at 6.5 percent which is slightly above the national average of 6.2 percent. State tax revenues increased 3 percent. Sales tax receipts were up 2 percent and income tax receipts increased 3.5 percent.

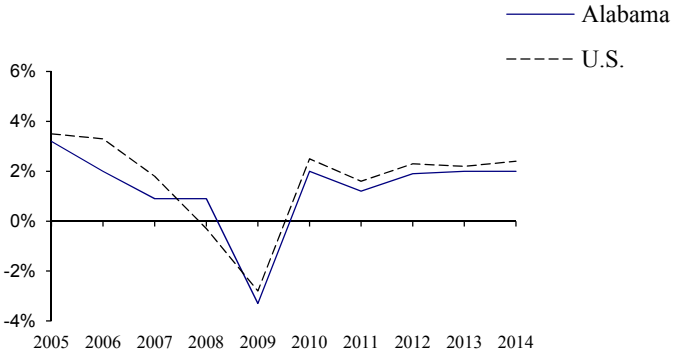
Alabama gained 33,100 jobs during 2014. Industries with significant job increases included manufacturing, leisure and support, administrative support and waste management services, and motor vehicles and parts dealers. While federal jobs decreased slightly, both state and local government sectors showed gains. Other industries such as physician offices, general merchandise stores, financial services, and wholesale trade saw considerable losses.

Manufacturing sector output rose by 3.9 percent during the period October 2013 to October 2014, with an upsurge of 10.4 percent for manufacturers of motor vehicles and parts and an increase of 5.9 percent for machinery manufacturing during this period. Other transportation equipment and fabricated metals also contributed to the growth in manufacturing output with an increase of 4.9 percent and 5.3 percent, respectively. The construction sector's output showed some improvement in the period October 2013 to October 2014 with real output growing by 1.8 percent as well as an increase of 4 percent in employment. Wholesale trade grew 2.0 percent but was accompanied by a 1.3 percent decrease in employment for the period October 2013 to October 2014. Retail output rose 1.4 percent with an employment decrease of 0.2 percent.

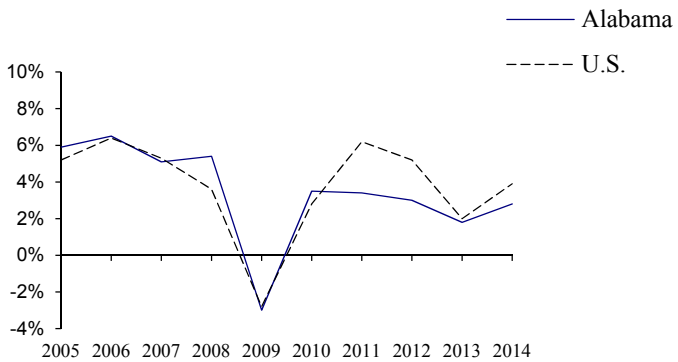
Alabama exports saw a slight increase from $14.4 billion in the first nine months of 2013 compared to exports of $14.6 billion during the first nine month period of 2014 according to data from the U.S. Census Bureau. Exports to Canada, Alabama's largest trade partner, decreased by 3.0 percent for the first nine months of 2014. Other major export destinations for Alabama products included Germany, Mexico, China, Japan, the United Kingdom, and Brazil. For the first three quarters of 2014, transportation equipment exports amounted to $6.6 billion, a 7.1 percent increase from the same period in 2013. Other major exports during the first three quarters of 2014 were chemicals, minerals and ores, machinery, and primary metals.

Alabama's economy is expected to expand moderately in 2015 with a 2.3 percent increase in output. Non-agricultural employment is expected to experience a slight gain of 1.8 percent. Manufacturing and services employers will be the major economic drivers in 2015. These include firms in industries such as automotive manufacturing, aerospace, tourism, healthcare, and biotechnology. However, until uncertainties about federal spending priorities, as well as deficit reduction plans are resolved, many private contractors and government facilities engaged in defense-related projects will be cautious in hiring and investment.

Annual Growth of Gross Product Last Ten Years



Annual Growth in Personal Income Last Ten Years



Source: Center for Business and Economic Research, University of Alabama
University Outreach, Auburn University Montgomery

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Alabama for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2013. This was the sixteenth consecutive year that the State has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

Production of this report would not have been possible without the assistance of all state organizations which supplied financial information vital to the accuracy of this report. As we strive to produce this report in future years and to further enhance its quality, the continued support and cooperation of all agencies remain essential. I also wish to express my appreciation to the entire staff in the Division of Control and Accounts, whose daily efforts to improve the accountability of state government make the quality of this report possible.

Respectfully submitted,

Thomas L. White, Jr., CPA
State Comptroller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Alabama

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

September 30, 2014

EXECUTIVE BRANCH

Robert J. Bentley
Governor

Kay Ivey
Lt. Governor

Young Boozer
State Treasurer

Jim Bennett
Secretary of State

John McMillan
Commissioner of Agriculture and Industries

Luther Strange
Attorney General

Samantha Shaw
State Auditor

JUDICIAL BRANCH

Roy S. Moore
Chief Justice of the Supreme Court

Justices of the Supreme Court

Glenn Murdock

Alisa K. Wise

Michael F. Bolin

James Allen Main

Greg Shaw

Lyn Stuart

Tommy Bryan

Tom Parker

LEGISLATIVE BRANCH

Del Marsh
Senate President, Pro Tempore

Mike Hubbard
Speaker of the House

Ronald L. Jones
Examiners of Public Accounts

Norris Green
Legislative Fiscal Office

Jerry Bassett
Legislative Reference Service

EXECUTIVE BRANCH DEPARTMENTS

Bill Newton , Acting
Department of Finance

H. Mac Gipson
ABC Board

Greg Canfield
Department of Commerce

Neal Morrison
Department of Senior Services

John D. Harrison
State Banking Department

N. Gunter Guy, Jr.
Department of Conservation and Natural Resources

John E. Richardson
Department of Public Safety

Angus Cooper, III
Alabama State Port Authority

William W. Wayne, Jr.
Board of Pardons and Paroles

Jim Byard, Jr.
ADECA

Major General Perry G. Smith
State Military Department

Nancy Buckner
Department of Human Resources

Fitzgerald Washington
Department of Labor

Jim Reddoch
Department of Mental Health

Lee Sentell
Department of Tourism and Travel

Jeana Ross
Department of Children's Affairs

Kim Thomas
Department of Corrections

Art Faulkner
Emergency Management Agency

John R. Cooper
Department of Transportation

Brunson White
Secretary of Information Technology

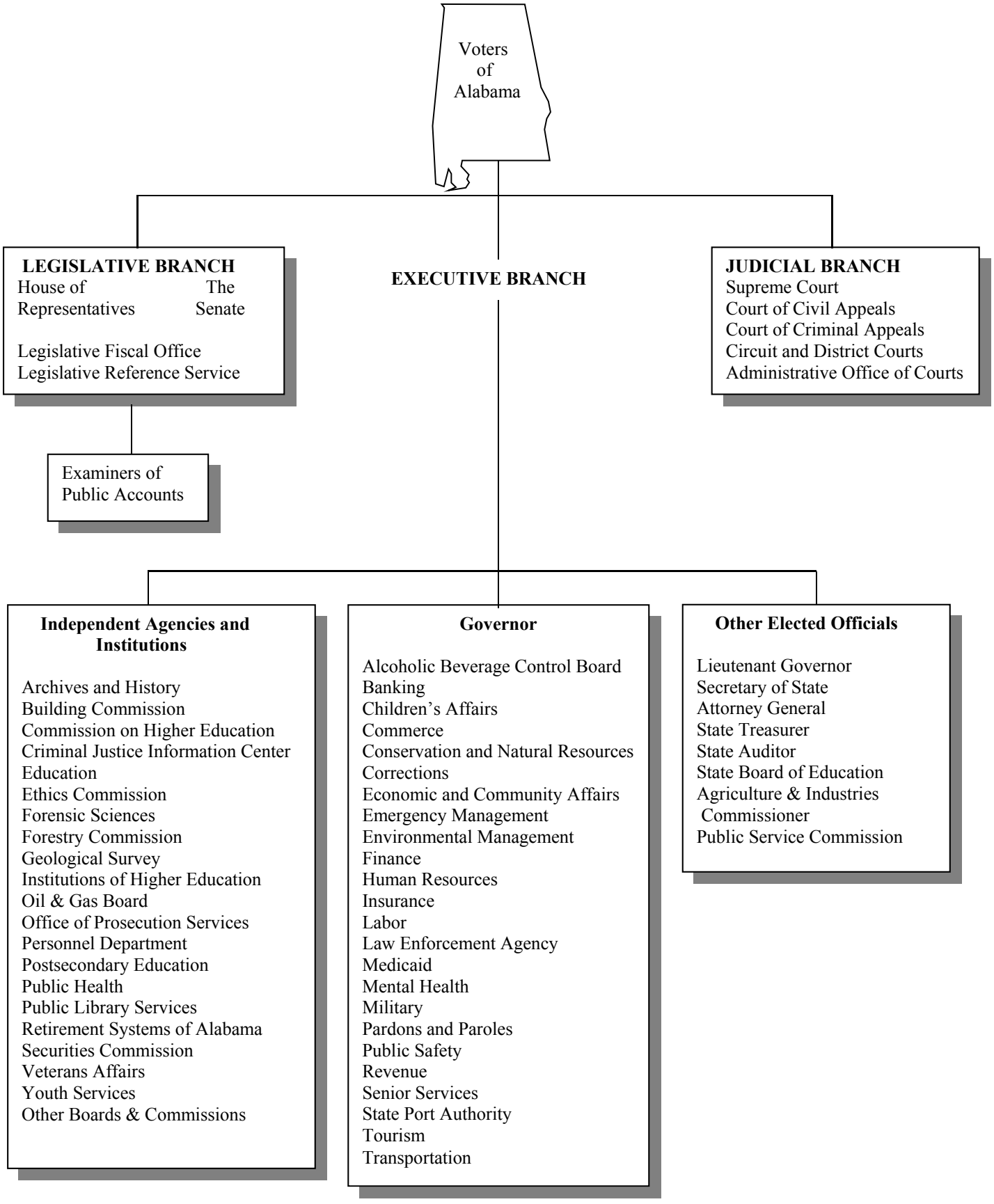
Stephanie McGee Azar
Alabama Medicaid Agency

Julie P. Magee
Department of Revenue

Jim L. Ridling
Department of Insurance

Spencer Collier
Alabama Law Enforcement Agency

ORGANIZATION CHART



State of Alabama
Department of
Examiners of Public Accounts

Ronald L. Jones
Chief Examiner

Independent Auditor's Report

Honorable Robert J. Bentley, Governor
State of Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alabama, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the State of Alabama as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain agencies and funds. These agencies and funds reflect the following percentages of total assets or deferred outflows and revenues or additions of the indicated opinion units:

Opinion Unit and Related Agencies/Funds Audited by Other Auditors	Percent of Opinion Unit's Total Assets/Deferred Outflows of Resources	Percent of Opinion Unit's Total Revenues/Additions
Governmental Activities:		
Alabama Public Health Care Authority	.06%	0%
Business-Type Activities:		
Alabama Health Insurance Plan	28%	10%
Alabama State Port Authority		

Opinion Unit and Related Agencies/Funds Audited by Other Auditors	Percent of Opinion Unit's Total Assets/Deferred Outflows of Resources	Percent of Opinion Unit's Total Revenues/Additions
Aggregate Discretely Presented Component Units: State Employees' Insurance Board Public Education Employees' Health Insurance Fund Alabama Housing Finance Authority Alabama Water Pollution Control Authority Alabama Drinking Water Finance Authority Space Science Exhibit Commission University of Alabama Auburn University Alabama State University Alabama A&M University University of South Alabama University of Montevallo Athens State University	92%	92%
Proprietary/Enterprise Fund: Alabama State Port Authority	100%	100%
Aggregate Remaining Fund Information: Alabama Health Insurance Plan Retirement Systems of Alabama Employees' Savings Plans (PEIRAF and RSA-1) Retired Education Employees' Health Care Trust Retired State Employees' Health Care Trust Prepaid Affordable College Tuition Program Alabama College Education Savings Plan Alabama Public Health Care Authority	90%	58%

The financial statements of these agencies and funds were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Retirement Systems of Alabama, the RSA Employees' Savings Plans (the Public Employees' Individual Retirement Account Fund and the RSA-1 Deferred Compensation Plan), the Public Education Employees' Health Insurance Fund, the State Employees' Insurance Board, the Retired Education Employees' Health Care Trust, the Retired State Employees' Health Care Trust, and the Alabama Health Insurance Plan were not audited in accordance with ***Government Auditing Standards.***

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Alabama's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alabama, as of September 30, 2014, and the respective changes in financial position and, where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1-F to the financial statements, in 2014 the State of Alabama implemented new accounting principles GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, GASB Statement No. 66, *Technical Corrections*-2012 (*an amendment of GASB Statement No. 10 and 62)*, GASB Statement No. 67, Financial *Reporting for Pension Plans (an amendment of GASB Statement No. 25)* and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, and the other Required Supplementary Information, listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Alabama's basic financial statements. The accompanying supplementary information which includes the combining and individual fund statements and schedules, and the accompanying other information which includes the introductory and statistical sections, listed in the accompanying table of contents, are presented for the purposes of additional information and are not a required part of the basic financial statements.

The accompanying supplementary information (combining and individual fund statements and schedules) is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information (introductory and statistical sections) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated March 31, 2015, on our consideration of the State of Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the State of Alabama's internal control over financial reporting and compliance.

Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama
March 31, 2015

The following is a narrative overview and analysis of the financial activities of the State of Alabama for the fiscal year ended September 30, 2014. Please consider the information presented here in conjunction with the letter of transmittal, which is located in the Introductory Section of this report, and the State's financial statements, which immediately follow this discussion and analysis.

Financial Highlights

- The State's net position increased by $465 million during the fiscal year. The assets of the State exceeded its liabilities at the close of the fiscal year by $24.0 billion (*net position*). Of this amount, $21.1 billion was the net invested in capital assets, and $2.9 billion was Alabama Trust Capital.
- The Change in Net Position in governmental activities was $322 million.
- Governmental activities have $3.5 billion in investments, $2.6 billion of which is held in the Alabama Trust Fund.
- Tax revenues increased $223 million, or 3 percent as the economy continued to improve.
- Income tax revenues increased $123 million, or 3.5 percent.
- Revenues and expenses increased slightly. Revenues increased $182 million, or 1 percent while expenses increased $124 million, or 0.6 percent.
- The business-type activities reported net position at year-end of $1.8 billion, an increase of $143 million for the fiscal year. The Unemployment Compensation Trust Fund cash grew by $92 million. The operating revenues for the State Port Authority increased by 10 percent.
- The State's total bond debt at the end of the fiscal year was $4.8 billion, a decrease of $112 million.
- The State issued $104 million in new education related revenue bonds and $25 million in transportation related revenue bonds.
- Capital Assets increased $362 million to $22.3 billion, which includes $18.9 billion in infrastructure assets.
- The Alabama Trust fund balance decreased slightly by $40 million and now stands at $2.9 billion.
- The Alabama Trust Fund receivable from the General Fund and the Education Trust Fund decreased to $254 million as the Education Trust repaid $330 million.
- General Fund revenues increased $10 million, while expenditures increased $66 million.
- On a budgetary basis, General Fund expenditures and other uses exceeded revenues and other sources by $2 million. However, on a GAAP (Generally Accepted Accounting Principles) basis, General Fund revenues and other sources exceeded expenditures and other uses by $30 million. The Budgetary Comparison Schedule in Required Supplementary Information reconciles these amounts and lists the accounting basis differences.
- The General Fund was not prorated and the Medicaid Agency has unexpended General Fund appropriations of $16 million to carry over to fiscal year 2014. The $93 million balance owed the Education Trust Fund Rainy Day Account within the Alabama Trust Fund is due in fiscal year 2015.

Overview of the Financial Statements

This discussion and analysis is an introduction to the State of Alabama's basic financial statements. The State's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* provide a broad overview of the State's financial position and activities measured in a manner similar to a private-sector business. These statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the economic resources measurement focus and accrual basis of accounting. The government-wide financial statements exclude fiduciary activities.

The *Statement of Net Position* presents information on all of the State's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of the fiscal year. Net position represents the difference between all other elements in this statement. Increases or decreases in net position from year to year may serve as a useful indicator of whether the financial position of the State is improving or not.

The *Statement of Activities* presents information showing how the State's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the State that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities).* The governmental activities of the State include general government, economic development and regulation, education and cultural resources, natural resources and recreation, health-physical and mental, social services, protection of persons and property, and transportation. Examples of business-type activities of the State are operation of the State's system of community and technical colleges, unemployment compensation services, operation of facilities for the distribution and sale of alcoholic beverages, and shipping services at the Port of Mobile.

The government-wide financial statements include not only the State of Alabama itself (known as the *primary government*), but also legally separate *component units* for which the State is financially accountable. The major *component units* include the Housing Finance Authority, State Employees' Insurance Board, Public Education Employees' Health Insurance Board, University of Alabama, Auburn University, and University of South Alabama. Financial information for the *component units* is reported in a separate column from the financial information presented for the primary government. The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A *fund* is a fiscal and accounting entity with a self-balancing set of accounts that the State uses to keep track of specific sources of funding and spending for a particular purpose. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Most of the State's basic services are reported in governmental funds. The governmental fund financial statements focus on near-term inflows and outflows of resources of these funds and the balances of those resources available at year-end. These funds are measured and reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances are followed by a reconciliation to the government–wide statements.

The types of funds which are categorized as governmental funds are the General Fund, special revenue funds, capital projects funds, debt service funds, and permanent funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Alabama Trust Fund, Education Trust Fund, Public Road and Bridge Fund, Public Welfare Trust Fund, and Alabama Medicaid Fund, all of which are

considered to be major funds. Data from the nonmajor governmental funds are combined into a single aggregated column on the basic financial statements. Individual fund data for each of the nonmajor governmental funds can be found in the combining and individual fund statements and schedules section of this report.

Proprietary funds
Services for which the State charges customers a fee are generally reported in proprietary funds. The State maintains two different types of proprietary funds: enterprise funds and internal service funds. Like the government-wide statements, proprietary funds use the accrual basis of accounting.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. These funds report activities that provide supplies and services to external users in a manner similar to private business enterprises. The major enterprise funds are the Unemployment Compensation Trust, State Port Authority, Alabama Community College System, and the Alcoholic Beverage Control Board. Individual fund data for each of the nonmajor enterprise funds can be found in the combining and individual fund statements and schedules section of this report.

Internal service funds report activities that provide supplies and services to other state agencies on a cost-reimbursement basis. These funds are reported as governmental activities on the government-wide financial statements. These funds provide computer services, information technology, telecommunications, rental of office buildings, janitorial services, building maintenance, manufacturing activities, and liability protection. The internal service funds are aggregated in a single column on the proprietary fund statements.

Fiduciary funds
The State acts as a trustee or fiduciary for its employee pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These funds, which include pension and other employee benefits, private-purpose, and agency funds are reported using accrual accounting. The government-wide financial statements exclude fiduciary fund activities and balances because the resources of those funds are not available to support the State's own programs.

Notes to the Financial Statements
The notes to the financial statements are an integral part of the financial statements. They explain amounts shown in the financial statements and provide additional information that is essential to the fair presentation of the government-wide and fund financial statements.

Required Supplementary Information
In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* which includes (1) budgetary comparison schedule reconciling the budgetary fund balances and generally accepted accounting principles fund balances at fiscal year-end, (2) ten year loss development information for the State Insurance Fund, (3) a schedule of funding progress for the Employees' Retirement System, (4) a schedule of funding progress for the Judicial Retirement Fund, (5) a schedule of funding progress for the Retired State Employees' Health Care Trust and related notes, and (6) information about infrastructure assets reported using the modified approach.

Other Supplementary Information
Other supplementary information includes combining financial statements for nonmajor governmental funds, nonmajor enterprise funds, internal service funds, fiduciary funds, and nonmajor discretely presented component units. These funds are added together by fund type and presented in single columns in the basic financial statements.

Government-wide Financial Analysis

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The State's combined net position for governmental and business-type activities is $24.0 billion in contrast to the prior year balance of $23.5 billion. The largest component (88 percent) of the State's net position reflects its investment in capital assets, such as land, buildings, equipment, and infrastructure (e.g., roads, bridges, tunnels), less any related outstanding debt used to acquire those assets, plus capital-related deferred outflows of resources, less capital-related deferred inflows of resources. The State uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Also, it should be noted that the resources needed to repay the capital-related debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Capital Assets increased $362 million, which included $230 million in increases in infrastructure and infrastructure construction in progress. Business-type capital assets increased $62 million, or 4 percent. The College System alone had $20 million more in capital assets at year-end resulting from building additions and construction in progress.

The total of Current and Other Assets is $9.9 billion, an increase of $214 million, or 2 percent. Included in that amount were cash and cash equivalents of $3.5 billion and $1.2 billion due from other governments. A little over half the amount due from other governments consists of loans to local school systems and most of the remaining amount is due from the federal government for amounts earned under federal programs. The balance also includes $3.7 billion in investments, $2.6 billion of which is held in the Alabama Trust Fund.

Of total liabilities, 72 percent are long-term liabilities. The State has $6.1 billion in long term liabilities, which includes $4.8 billion in bonds payable and $976 million in post employment health care benefit liabilities. Total liabilities increased 8 percent, or $179 million. Bond debt decreased by $113 million while post employment health care benefit liabilities rose $135 million. Business-type Current and Other Assets increased $37 million, or 3 percent.

Deferred Outflows of Resources is $127 million, an increase of $70 million. Deferred Inflows of Resources is $859 thousand at the end of the current fiscal year, and was zero at the end of the prior fiscal year. These balances increased because of refunding of general obligation and revenue bonds during the current fiscal year, which resulted in deferred losses and deferred gains.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or legislative restrictions on how they may be used. Internally imposed designations of resources are not presented as restricted net position. The State's net position that is unrelated to capital assets includes $7.4 billion in restricted net position, a decrease of $60 million from the prior year. Unrestricted net position represents the remaining amount of net position that may be used to meet the State's ongoing obligations that are not funded by resources that are restricted. The State has a deficit in unrestricted net position of $4.6 billion. Business-type activities had a positive unrestricted net position of $51 million.

Net Position as of September 30

(Amounts in Thousands)	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	$ 8,789,402	$ 8,612,232	$ 1,142,875	$ 1,106,165	$ 9,932,277	$ 9,718,397
Capital Assets	20,751,998	20,452,136	1,568,720	1,506,291	22,320,718	21,958,427
Total Assets	29,541,400	29,064,368	2,711,595	2,612,456	32,252,995	31,676,824
Deferred Outflows of Resources	118,819	50,161	7,920	6,952	126,739	57,113
Long-term Liabilities	5,379,070	5,357,342	697,976	721,128	6,077,046	6,078,470
Other Liabilities	2,102,243	1,901,450	243,547	263,448	2,345,790	2,164,898
Total Liabilities	7,481,313	7,258,792	941,523	984,576	8,422,836	8,243,368
Deferred Inflows of Resources	859	0	0	0	859	0
Net Position						
Net Investment in Capital Assets	20,170,202	20,042,353	937,301	862,998	21,107,503	20,905,351
Restricted	6,627,005	6,772,919	790,031	704,026	7,417,036	7,476,945
Unrestricted	(4,619,160)	(4,959,535)	50,660	67,808	(4,568,500)	(4,891,727)
Total Net Position	$ 22,178,047	$ 21,855,737	$ 1,777,992	$ 1,634,832	$ 23,956,039	$ 23,490,569

Change in Net Position

The table on the following page was derived from the government-wide Statement of Activities. Revenue is categorized as either program revenue, which is generated by the program itself, or is received from another government, or general revenue. Program revenues include charges for services, operating grants and contributions, and capital grants and contributions. As a result of the excess of revenues over expenses, the State's net position increased by $465 million during the fiscal year. Taxes provided $8.2 billion, or 38 percent, of the State's total revenue. Tax revenues increased by $223 million, or 3 percent, compared to the previous year as the economy continued to improve. $123 million of the increased revenue was income taxes, which was up 3.5 percent. Sales Taxes increased $55 million, or 2 percent. Operating Grants and Contributions revenue decreased $127 million, or 1.5 percent to $ 8.4 billion. Federal funding for unemployment compensation benefits was $130 million less. Capital Grants and Contributions increased only $2 million to $985 million. Charges for Services revenue increased $76 million, or 3 percent.

General revenues, which include taxes, were $9.5 billion, a decrease of $231 million, or 2.5 percent. Unrestricted investment earnings were $210 million, a slight drop of $4 million, or 2 percent from last year. In total, revenues and expenses had modest increases. Total revenues increased $182 million, or 1 percent, and total expenses were up $124 million, or 0.6 percent.

Governmental Activities

Total revenues for governmental activities for the fiscal year were $19.9 billion, an increase of $380 million or 2 percent. Charges for Services were up $141 million, or 11 percent. Service charges by the 911 Board increased from $0.70 to $1.60 per connection, netting an increase of $75 million. Operating Grants and Contributions remained the same at $8.0 billion, and Unrestricted Investment Earnings was down $4 million, a 2 percent decrease. Taxes increased $223 million, or 3 percent, on the strength of improved income and sales tax revenues, while Capital Grants and Contributions decreased $9 million, or 2 percent.

Expenses for governmental type activities increased $328 million or less than 2 percent. Education and Cultural Resources spending increased $149 million, or 2 percent, Transportation increased $136 million, or 10 percent, and Health increased 113 million, or 2 percent. General Government decreased $60 million or 6 percent, primarily because grants to local governments decreased. Protection of Persons and Property increased $61 million or 6 percent, as spending by the 911 Board increased by $72 million. Service charges collected by the Board increased, resulting in having more money to grant to local Emergency Communication Districts.

Business-type Activities

The largest business-type activity is the Alabama Community College System, which accounts for 58 percent of business-type net position. The other major business-type activities are the Alabama Port Authority, the Alcoholic Beverage Control Board, and the Unemployment Compensation Trust. During the fiscal year the net position of business-type activities increased by $143 million. Revenues of business-type activities totaled $1.5 billion, a decrease of $199 million, or 12 percent. Most of this revenue was self-generated program revenues; only $21 million of the $1.5 billion revenues came from general revenues. The program revenues consisted of $1.1 billion of charges for services, a decrease of $65 million, or 6 percent, and $336 million of operating grants and contributions, a decrease of $137 million or 29 percent. Operating Grants and Contributions decreased because Federal grants for unemployment compensation was down as a result of fewer unemployment claims. Of the $255 million in net transfers between governmental activities and business-type activities, most of the transfers are from the Education Trust Fund to the Alabama Community College System as mandated by the legislature in the appropriation acts.

Overall business-type expenses were $1.6 billion, down by $203 million, or 11.5 percent, primarily because Unemployment Compensation expenses decreased $167 million, or 36 percent. Unemployment Compensation expenses decreased because some claimants exhausted their benefits. The cash balance in the Unemployment Compensation Trust Fund grew by $92 million because of this decrease in expenses for claims. Port Authority expenses were up $6 million, or 4 percent, because of higher personnel, operation and maintenance of facilities, and power consumption costs. Alcoholic Beverage Control Board expenses were up $6 million, or 2 percent. Alabama College System expenses were down $16 million or 2 percent because scholarships for students and training for business and industry were less. Nonmajor Proprietary Funds expenses were down $33 million, or 29 percent. One nonmajor fund, the Alabama Health Insurance Plan (AHIP), had $12 million less in expenses. AHIP's program has been replaced by provisions of the federal Patient Protection and Affordable Care Act, and therefore substantially ceased operations in June. Another nonmajor fund, the State Insurance Fund, had $19 million less in claims in fiscal year 2014.

Changes in Net Position
For the Fiscal Year Ended September 30

(Amounts in Thousands)	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	$ 1,387,795	$ 1,246,702	$1,082,552	$1,148,022	$ 2,470,347	$ 2,394,724
Operating Grants and Contributions	8,071,538	8,061,784	336,172	473,220	8,407,710	8,535,004
Capital Grants and Contributions	966,966	976,217	17,863	6,398	984,829	982,615
General Revenues:						
Taxes	8,150,058	7,926,757	11,823	11,864	8,161,881	7,938,621
Grants and Contributions Not Restricted to Specific Programs	9,096	10,421	-	-	9,096	10,421
Unrestricted Investment Earnings	209,954	213,988	-	-	209,954	213,988
Miscellaneous	1,119,266	1,097,897	9,500	17,625	1,128,766	1,115,522
Total Revenues	19,914,673	19,533,766	1,457,910	1,657,129	21,372,583	21,190,895
Expenses:						
Economic Development and Regulation	114,405	121,933			114,405	121,933
Education and Cultural Resources	6,490,384	6,341,871			6,490,384	6,341,871
Natural Resources and Recreation	136,131	124,387			136,131	124,387
Health	6,540,184	6,427,303			6,540,184	6,427,303
Social Services	2,393,752	2,448,759			2,393,752	2,448,759
Protection of Persons and Property	1,140,958	1,079,644			1,140,958	1,079,644
Transportation	1,455,604	1,319,431			1,455,604	1,319,431
General Government	905,446	965,564			905,446	965,564
Debt Service - Interest and Other Charges	160,847	181,209			160,847	181,209
Unemployment Compensation			291,417	458,063	291,417	458,063
State Port Authority			142,757	136,904	142,757	136,904
Alabama Community College System			756,642	772,150	756,642	772,150
Alcoholic Beverage Control Board			288,627	282,840	288,627	282,840
Nonmajor Proprietary Funds			89,970	122,838	89,970	122,838
Total Expenses	19,337,711	19,010,101	1,569,413	1,772,795	20,907,124	20,782,896
Increase (Decrease) in Net Position Before Contributions and Transfers	576,962	523,665	(111,503)	(115,666)	465,459	407,999
Contributions to Permanent Funds and Endowments	-	-	11	82	11	82
Transfers	(254,652)	(259,085)	254,652	259,085	-	-
Change in Net Position	322,310	264,580	143,160	143,501	465,470	408,081
Net Position- Beginning	21,855,737	21,591,157	1,634,832	1,491,331	23,490,569	23,082,488
Net Position- Ending	$ 22,178,047	$21,855,737	$1,777,992	$1,634,832	$23,956,039	$23,490,569

Governmental Activities

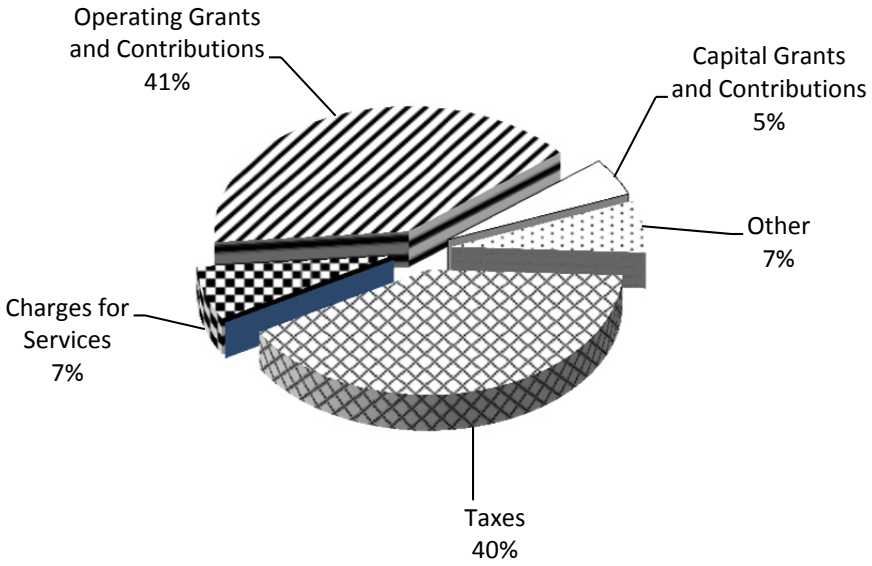
Operating grants and contributions along with taxes together accounted for 81 percent of governmental activities revenue. Operating grants and contributions are the largest, making up 41 percent of total governmental revenues, while taxes make up 40 percent.

Sixty percent of all operating grants and contributions are received for health purposes. In fact, 54 percent of all operating grants and contributions go to Medicaid programs. Operating grants and contributions for social services are 24 percent. Some 20 percent of all operating grants and contributions go to the Department of Human Resources. Operating grants and contributions used by the Department of Education for educational purposes are 11 percent.

Sales and use taxes, along with income taxes, make up 74 percent of taxes in governmental activities. Income taxes brought in $3.6 billion and sales and use taxes $2.4 billion. Sales and use taxes increased $55 million, or 2 percent, while income taxes increased $123 million, or 3.5 percent.

Capital grants and contributions remain at 5 percent of revenues. The Department of Transportation received 99 percent of all capital grants and contributions, primarily for road and bridge related projects. About 94 percent of operating grants and 92 percent of the capital grants were received from the Federal government.

Revenues - Governmental Activities
Fiscal Year Ended September 30, 2014



Total operating expenses for governmental activities in this fiscal year were $19.3 billion. Expenses for governmental activities are grouped by functional area. The two largest functional areas were (1) Education and Cultural Resources and (2) Health. These two areas together accounted for 67 percent of the governmental activities expenses for the fiscal year. Social Services accounted for 12 percent of the governmental activities expenses. Overall expenses increased by $328 million, or less than 2 percent.

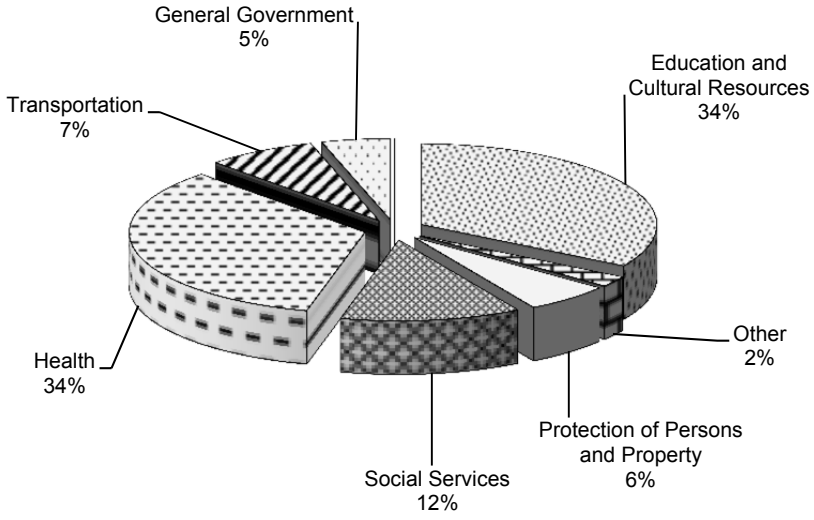
Education and Cultural Resources makes up 34 percent of governmental activity expenses, up from 33 percent the previous year, while Transportation remains at 7 percent and Social Services dropped from 13 percent to 12 percent. Within Education and Cultural Resources, 89 percent is for two programs, local financial assistance for school systems and support of state universities. Financial assistance for local school systems increased $95 million, or 2 percent, and support for universities increased $18 million, or 2 percent.

Health accounted for 34 percent of governmental activity spending, same as the last year. Medicaid programs account for 77 percent of Health spending, while the Department of Public Health and the Department of Mental Health each account for 10 percent.

Within Social Services, spending on the food assistance program makes up 58 percent of all social services spending while 17 percent is spent on children's programs. Spending on food assistance was down $68 million, or 5 percent.

Protection of Persons and Property continues to comprise 6 percent of total spending. The Department of Corrections makes up 40 percent of Protection of Persons and Property spending, while the Department of Public Safety comprises 11 percent and the 911 Board 10 percent.

Expenses - Governmental Activities
Fiscal Year Ended September 30, 2014



Financial Analysis of the State's Funds

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unassigned General Fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the governmental funds reported combined ending fund balances of $5.9 billion. Nonspendable fund balance was $113 million and assigned fund balance was $44 million. Spending restricted for specific purposes comprised $5.7 billion. Those restrictions have been imposed by external parties, constitutional provisions, or enabling legislation. The largest restricted amount of $2.9 billion is for Alabama Trust Capital. The Alabama Trust Fund originally was a permanent fund, but is now a special revenue fund because of Amendment 666 and Amendment 856 to the *Constitution of Alabama of 1901* which allow limited spending of principal. An additional $2.9 billion of governmental fund balance has been restricted for a wide variety of purposes which includes $402 million restricted for various capital projects and debt service.

The General Fund is the primary operating fund of the State. At the end of the current fiscal year, unassigned fund balance of the General Fund was $119 million, $3 million nonspendable fund balance, and $2 million assigned fund balance. Revenues for the General Fund were up $10 million, or 1 percent, as taxes increased $22 million, Licenses, permits and fees remained the same, fines, forfeits and court settlements decreased $4 million, investment income decreased $4 million, and other revenues decreased $4 million. The largest increase in tax revenues to the General Fund was $17 million in privilege tax and $11 million in insurance premium tax while he rest of the tax revenues decreased overall.

Expenditures for the General Fund increased $66 million, or 5 percent. Health expenditures increased $50 million. 96 percent of the General Fund health expenditure increase was in the Medicaid Agency. Medicaid Physician Care Program expenditures increased $50 million. The Affordable Care Act provides increased payments to primary care physicians who were paid the federally established Medicare rates which are higher than the usual State-established Medicaid rates. Pharmaceutical program increased $26 million while the rest of the Medicaid programs decreased $28 million. Spending on General Government in the General Fund increased $10 million. Judicial operations accounted for 88 percent of the increase in general governmental expenditures. Protection of Persons and Property expenditures increased $4 million. The largest spending for Protection of Persons and Property in the General Fund was related to correctional facility operations of $390 million for the fiscal year, an increase of $25 million from the previous year. The Protection of Persons and Property expenditures related to 2011 April Tornados decreased $21 million. Due to Other Funds increased $3.5 million to a balance of $173 million. A large portion, $162 million, is a loan owed to the Alabama Trust Fund. The money was borrowed in fiscal year 2010 to alleviate revenue shortages in accordance with Amendment 803 to the *Constitution of Alabama of 1901*.

The Education Trust Fund (ETF) is the largest operating fund of the State. Revenues credited to the ETF are used for the support, maintenance and development of public education in Alabama, debt service and capital improvements relating to educational facilities, and other functions related to educating the state's citizens. Programs and agencies supported by the ETF include K-12 education, public library services, performing and fine arts, various scholarship programs, the state's education regulatory departments, and two-year and four-year colleges and universities. Funding from the ETF is also provided to non-state agencies that provide educational services to the people of Alabama, including the arts, disease counseling and education, and youth development. Ten tax sources are allocated to the ETF, the largest of which are the individual and corporate income tax, sales tax, utility tax, and use tax. Tax revenues in the ETF for the fiscal year were up $224 million, or 4 percent as compared to the previous fiscal year. Individual income tax revenues were up by $117 million, sales and use tax revenues increased by $89 million and utility tax revenues were up $21 million. Expenditures, as limited by the budget, were up 5 percent, or $260 million. A large portion of the increase, $259 million, was in Education and Cultural Resources expenditures. Within Education and Cultural Resources, the largest spending, the financial assistance to local school systems increased $222 million and the next largest spending which was in support of state universities, increased $19 million. The ETF transferred out $458 million, with the largest of these transfers going to supplement operations of the Alabama Community College System, a major Proprietary fund. The Alabama Community College System received $297 million in transfers as mandated by the legislature in the appropriations acts. Due to Other Funds in the ETF of $101 million includes $93 million owed to the Education Rainy Day Account in the Alabama Trust Fund. The Education Trust fund paid back $330 million during fiscal year 2014. The $93 million remaining balance was borrowed in 2009 and is constitutionally required to be repaid in 6 years so it is due in the next fiscal year. The ETF fund balance increased $122 million to a balance of $29 million, as cash and cash equivalents decreased $275 million and Tax Refund Payables had a decrease of $33 million. The fund balance, while legally restricted to a variety of educational purposes, is all available for those purposes in the next fiscal year.

The Alabama Trust Fund consists of income from the sale or lease of rights for offshore exploration and drilling for oil and gas off the Alabama coast, as well as investment income earned on the accumulated capital. Revenues from royalties and other payments related to the production of oil and gas increased by $7 million during the fiscal year. Investment earnings declined slightly from $200 million to $198 million during the fiscal year. Various amendments to the *Constitution of Alabama of 1901* require that Alabama Trust

income be used to support the General Fund, Forever Wild Land Trust, and a variety of state and local capital projects and debt service. In compliance with constitutional requirements, $325 million was transferred out to support these other funds. During the fiscal year, the amount constitutionally restricted for Trust Capital decreased by $41 million, a decrease of more than 1 percent.

The Medicaid Fund accounts for the portion of the Medicaid program that is funded by Federal revenues and certain other non-state revenue sources. Federal revenues increased 3 percent, or $128 million. Overall, revenues increased 4 percent, or $170 million. Expenditures increased 4 percent or $144 million. Physician Care expenditures increased $61 million while Health Support expenditures decreased. Health care reform under the Affordable Care Act caused the increases in Physician Care spending. Physician rates were increased to the Medicare rates. The net change in fund balance for Medicaid was a $2 million decrease, bringing the total fund balance to a deficit of $78 million.

The Public Road and Bridge Fund is the general operating fund of the Department of Transportation (DOT). The Fund receives all state revenues for that department, including all federal aid reimbursements. Amendment No. 93 (as amended by Amendment No. 354) to the *Constitution of Alabama of 1901* provides that monies derived from any fee, excise or license taxes levied by the State on motor fuels shall be expended for the cost of construction, reconstruction, maintenance and repair of public highways and bridges; the cost of highway rights-of-way; the payment of highway obligations; the cost of traffic regulations; and the expense of enforcing state traffic and motor vehicle laws. Federal revenues decreased $15 million, or 2 percent. Expenditures were flat, decreasing a mere $5 million. The cash balance increased from $317 million to $385 million. Of the $443 million fund balance, $26 million is in inventory of materials on hand and $417 million is restricted to cover existing construction and maintenance contracts.

The Public Welfare Trust Fund is used to account for a broad range of social, protective, and financial assistance programs for citizens. This is the major operating fund of the Department of Human Resources. Revenues from federal funds comprise 88 percent, but is supplemented by whiskey tax and a portion of the Alabama Alcoholic Beverage Control Board profits, sales tax, franchise tax, and beer tax. Overall spending declined $63 million, or 3 percent. The largest decrease was in Food Assistance expenditures for $68 million while the rest of the expenditures were up $5 million. The Food Assistance benefits decreased due to the expiration of 2009 Recovery and Reinvestment Act's temporary boost. The fund balance at year end is $66 million, a decrease of $33 million. The small fund balance is normal for this fund, since the Federal Cash Management Improvement Act does not allow the State to draw money and hold it for more than a few days. The fund balance, while legally restricted to a variety of social service programs, is all available for those programs in the next fiscal year.

The Medicaid Fund had negative fund balances at September 30. This is not typical for the State's major governmental funds because the fiscally conservative nature of the State's controls generally results in positive fund balances. Constitutional Amendment 26 requires the State to have on hand at year end in each budgeted fund enough cash to cover all outstanding warrants and any remaining unspent obligations (encumbrances and accounts payable). Medicaid often has a negative fund balance because GAAP requires the accrual of claims payable and the related federal receivable, but not the State matching amounts which will be recorded as revenues when received in the next fiscal year. The Public Road and Bridge Fund retains enough cash to cover its outstanding construction contracts and commitments, so that fund historically has a large fund balance.

Proprietary Funds

The State's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. During the fiscal year, total net position for all enterprise funds increased by $143 million.

The Unemployment Compensation Trust Fund has again improved its financial condition. The net position increased in both 2014 and 2013, by $90 million and $132 million, respectively. This resulted in a positive net position at the end of both fiscal years. Revenues during the current fiscal year decreased as compared to the prior fiscal year because of a decrease in the employer rates. The minimum rate decreased from 0.00115 to 0.00095 and the maximum rate decreased from 0.0073 to 0.0071 for the employer shared cost. Another factor in the lower revenues was a decrease in the number of employed workers. Benefits paid dropped $166 million, a decrease of 36 percent, and revenues from federal grants decreased $130 million. The trust fund cash grew from $250 million to $342 million, and net position now stands at $321 million.

The net position of the State Port Authority is $349 million, an increase of $36 million. Operating revenues were $162 million, an increase of $15 million, or 10 percent over the prior year, resulting from a number of factors. Revenues at McDuffie Coal Terminal increased $7 million, or 10 percent, the result of a continued strong market for the export of metallurgical coal. General Cargo/Intermodal experienced an increase in revenues of $6 million, or 21 percent, driven by improvements in steel and iron product movements. The Real Estate division saw an increase in revenues of $1 million, or 17 percent, as additional volumes were managed. Expenses associated with operation and maintenance of facilities increased by $6 million due to higher personnel costs driven by hourly rate increases and increased volumes.

The Alabama Community College System's net position increased $22 million in 2014, primarily because of tuition increases and a $3 million decrease in student scholarships. Tuition increased by $2 per credit hour. Student scholarships decreased primarily because of

the change in Pell Grant regulations which affected student eligibility. Charges for goods and services declined primarily because of a 2.8 percent decrease in enrollment. The College System has $20 million more in capital assets at year-end resulting from building additions and construction in progress. The College System has an operating loss of $573 million. However, federal grants of $302 million and transfers from the Education Trust Fund (ETF) and other governmental funds of $297 million resulted in an overall increase in net position. Transfers from other funds including the ETF legislature appropriated transfers were $8 million more than the prior year.

The net position of the Alcoholic Beverage Control Board declined by $2 million in fiscal year 2014, increasing the deficit in net position to $30 million. The Board is required by law to distribute all of its profits and cannot own real property; therefore, net position generally will remain negative. Non-current liabilities, such as compensated absences and other post-employment benefits, and some of the current liabilities are not deducted from the distribution amount. The deficit gets larger primarily because the liability for other post-employment benefits is growing. This liability increased by $4 million during the fiscal year.

Budgetary Highlights

General Fund

The original budget for the General Fund was increased by a net of $8 million during fiscal year 2014. Expenditures were increased by $7 million and Transfers Out increased by $1 million, and these budgetary changes are reflected in the final budget on the Budgetary Comparison Schedule. The General Fund was not prorated during fiscal year 2014. Budgeted revenues were increased by $6 million; however, actual tax revenues were $45 million less than the final budget because of the weak economy.

There were significant budgetary variances between the final budget and actual results. Unexpended and reverted appropriations from fiscal year 2014 were reappropriated to fiscal year 2015; therefore, many agencies did not spend all of their appropriations during fiscal year 2014. The Medicaid Agency has $16 million to carryover to fiscal year 2015. The Department of Corrections, the Department of Finance, and the Legislature have carryovers of approximately $8 million, $4 million, and $3 million, respectively. These appropriations will be needed in the future because revenues are not improving much because the economy is sluggish.

There were no supplemental appropriations. Conditional and other appropriations were approximately $8 million to various agencies. The Administrative Office of Courts received a conditional appropriation of $4 million for court operations and juvenile probation officer services. The Emergency Management Agency received a conditional appropriation of $1 million for matching federal funds. $1 million of conditional appropriations were transferred to the Fair Trial Tax Fund for indigent defense. Conditional amounts are not included in the budget until the conditions have been met. Some expenditures are required by law to be fully funded, and estimated amounts are approved in the General Fund appropriation bill. Increases to these estimated amounts do not require a new bill and are included as other appropriations. Emergency appropriations of $14 million are included in the original budget and are included in the budgeted amounts as Other on the Budgetary Comparison Schedule. Emergency appropriations cannot exceed two percent of the total amount appropriated. On a budgetary basis, General Fund expenditures and other uses exceeded revenues and other sources by $2 million. However, on a GAAP (Generally Accepted Accounting Principles) basis, General Fund revenues and other sources exceeded expenditures and other uses by $30 million. The Budgetary Comparison Schedule in Required Supplementary Information reconciles these amounts and lists the accounting basis differences.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2014 the State had invested $22.3 billion, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation charges for the fiscal year totaled $173 million.

Capital Assets as of September 30

(Amounts in Thousands)	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Capital Assets Not Being Depreciated:						
Land	$ 344,742	$ 328,965	$ 109,804	$ 74,284	$ 454,546	$ 403,249
Historical Exhibits	4,132	4,075	2,350	2,350	6,482	6,425
Construction In Progress	190,529	231,010	84,326	85,689	274,855	316,699
Intangible Assets Under Development	23,537	5,963	-	-	23,537	5,963
Construction In Progress - Infrastructure	4,675,517	5,200,257	-	-	4,675,517	5,200,257
Infrastructure	14,188,815	13,433,729	-	-	14,188,815	13,433,729
Inexhausible Intangible Assets	-	-	10	10	10	10
Total Capital Assets Not Being Depreciated	**19,427,272**	**19,203,999**	**196,490**	**162,333**	**19,623,762**	**19,366,332**
Capital Assets Being Depreciated:						
Buildings	1,775,059	1,683,078	1,766,026	1,701,630	3,541,085	3,384,708
Equipment	748,344	705,219	617,304	590,114	1,365,648	1,295,333
Software and Other Intangible Assets	49,935	43,839	19,032	16,610	68,967	60,449
Total Capital Assets Being Depreciated	2,573,338	2,432,136	2,402,362	2,308,354	4,975,700	4,740,490
Less Accumulated Depreciation	1,248,612	1,183,999	1,030,132	964,396	2,278,744	2,148,395
Total Capital Assets Being Depreciated, Net	**1,324,726**	**1,248,137**	**1,372,230**	**1,343,958**	**2,696,956**	**2,592,095**
Capital Assets, Net	**$ 20,751,998**	**$ 20,452,136**	**$ 1,568,720**	**$ 1,506,291**	**$ 22,320,718**	**$ 21,958,427**

As allowed by GASB Statement No. 34, the State has adopted the modified approach for reporting roadway and bridge infrastructure assets. Under the modified approach, depreciation is not recorded. Infrastructure costs that result in an increase in the capacity or an improvement in the efficiency of the infrastructure network are capitalized and added to the historical cost of the assets. Costs that allow the infrastructure network to be used efficiently over the expected useful life of the assets are expensed as general maintenance costs. Certain maintenance costs that extend the useful life of the assets but do not increase capacity or efficiency are classified as preservation costs. Preservation costs are expensed and reported in lieu of a charge for depreciation expense.

Extensive project documentation is required to meet various federal and state guidelines concerning the construction of infrastructure. The completeness of this documentation affects the timing of project capitalization. The State capitalizes infrastructure when all costs for a project are incurred and all project documentation is satisfactorily completed, filed, and accepted with the appropriate entities. Projects that meet the cost and documentation criteria are closed, and appropriate entries are made to adjust the Infrastructure Construction in Progress and Infrastructure asset accounts annually. Due to the documentation requirements, there can be substantial time lags between the date a project is put into service on the State's roadway network and the date the project is capitalized. A significant portion of Infrastructure Construction in Progress consists of projects that have been put into service and maintenance costs could have been incurred.

The State uses the International Roughness Index (IRI) to measure and monitor pavement conditions. The IRI is a standard representing the perceived smoothness of pavements while traveling in passenger cars. A lower IRI measurement represents a smoother condition of pavement. The United States Department of Transportation developed suggested values for IRI of <60 inches/mile to >220 inches/mile to grade the smoothness condition of the roadway. A range of 60 to 94 is considered "Good" condition, with negligible maintenance required, and a range of 95-119 for Interstate Highways or 95-170 for non-interstate highways is considered "Fair", requiring routine maintenance such as pavement patching. The weighted average rating of Alabama's roads was 80.61, which exceeds the State's goal.

The State maintains 5,401 bridges and culverts. The State rates the major structural components and deck area of the bridge or culvert on a scale of one to ten and assigns a weighted rating to the bridge or culvert. The State expects those bridges and culverts to be

maintained at a rating within the range of 5 - 6.99, which is considered "satisfactory," meaning the structural elements are sound but have minor deterioration. The actual weighted average rating for the most recent condition assessment was 6.57, in the upper end of the satisfactory range.

For fiscal years 2014 and 2013 the State estimated it would need to spend $333.1 and $334.9, respectively, to preserve and maintain all roadway assets and $10.0 million in each year to preserve all bridge assets at or above the "Established Condition Levels" presented above. In fiscal year 2014, the State spent $468,464,000 for roadway preservation and $80,579,000 for bridge preservation. The State spent $496,695,000 for roadway preservation and $69,060,000 for bridge preservation in fiscal year 2013. In the next fiscal year, the Alabama Department of Transportation estimates that it will need to spend approximately $309,175,000 to preserve all roadway assets and approximately $10,000,000 to preserve all bridge assets at or above the "Established Condition Levels" presented above.

More detailed information about the State's capital assets is presented in Note 3 to the financial statements and in the Required Supplementary Information section.

Long-term Debt

The only method under which general obligation debt can be incurred by the State is by amendment to the *Constitution of Alabama of 1901*. The debt prohibition does not apply to debts incurred by separate public corporations functioning as State instrumentalities. The revenue bonds issued by these corporations are limited obligations of the corporation, not general obligations of the State, and the full faith and credit of the State is not pledged for their repayment. Certain revenues, usually earmarked taxes or revenues generated from the project financed are pledged for the payment of the debt. These corporations are blended with the primary government. The State and its component units issue serial and term bonds. Alabama has traditionally received high bond ratings from both Standard and Poor's Corporation and Moody's Investors Service. Currently, an exception is the upper medium bond ratings for the Tobacco Settlement Revenue Bonds issued by the Alabama Twenty-first Century Authority. Also, the State Port Authority has a lower rating than the other State bonds.

Outstanding Bonded Debt as of September 30

(Amounts in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	$ 680,476	$ 705,367	$ -	$ -	$ 680,476	$ 705,367
Revenue Bonds	3,517,971	3,580,726	633,492	658,267	4,151,463	4,238,993
Total	$ 4,198,447	$ 4,286,093	$ 633,492	$ 658,267	$ 4,831,939	$ 4,944,360

The State issued $187,085,000 of refunding general obligation bonds. Additionally, the State issued $128,985,000 in new revenue bonds, which includes $103,985,000 of Alabama Public School and College Authority bonds and $25,000,000 of Alabama Highway Finance Corporation bonds. The Alabama Public School and College Authority also issued $626,915,000 of Alabama Public School and College Authority refunding bonds. Additional detailed information regarding the State's long-term debt is presented in Note 4 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The General Fund budget for fiscal year 2015 is $108 million greater than fiscal year 2014. The Medicaid Agency received an appropriation increase of $70 million for fiscal year 2015 over fiscal year 2014 from the General Fund. Also, the Department of Public Health and the Department of Corrections received an increase of $10 million and $6 million, respectively. The General Fund is budgeted to pay back $10 million to the Alabama Trust Fund during fiscal 2015. The General Fund will receive the last of the three additional transfers of $146 million from the Alabama Trust Fund because of Amendment 856 to the *Constitution of Alabama of 1901*.

In the fiscal year 2015 Education Trust Fund Appropriations Act 2014-456 there is an appropriation of $35 million to repay the ETF Rainy Day Account within the Alabama Trust Fund. The remaining balance of $58 million will be paid from the gross sales tax account because the balance is due in fiscal year 2015. Also, less sales tax will be distributed to the Education Trust Fund because of $24 million from the gross sales tax account to the Prepaid Affordable College Tuition Program. The total ETF budget for fiscal year 2015 is $5.908 billion. The Rolling Reserve Act (Act 2011-3) cap on the fiscal year 2016 appropriations is $5.962 billion. The ETF Budget Stabilization Fund will receive revenues in excess of the cap after the ETF Rainy Day Account has been paid back in full. The

K-12 Local Boards of Education received an appropriation increase of $84 million for fiscal year 2015 over fiscal year 2014 from the Education Trust Fund. The four-year Universities received an increase of $13 million.

Total tax collections are up approximately 6 percent for the first 5 months of fiscal year 2015 as compared to the first 5 months of fiscal year 2014. The State's seasonally adjusted unemployment rate, at 5.7 percent in December 2014, was down from November 2014's rate, and below December 2013's rate of 6.1 percent. However, many unemployed workers have exhausted their unemployment benefits. The number of employed workers actually decreased from December 2013 to December 2014 from 1,993,000 to 1,986,000.

Requests for Information

This financial report is designed to provide a general overview of the State of Alabama's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Office of the State Comptroller, Financial Reporting Section, RSA Union, Suite 206, Montgomery, AL 36130-2602.

ALABAMA
TENNESSEE
TENNESSEE RIVER
RIVER
RIVER
BLACK WARRIOR
COOSA
TALLAPOOSA
CAHABA R.
RIVER
MISSISSIPPI
GEORGIA
TOMBIGBEE
RIVER
ALABAMA
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

STATEMENT OF NET POSITION

September 30, 2014

(Amounts in Thousands)

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
ASSETS				
Cash and Cash Equivalents	$ 2,735,902	$ 755,286	$ 3,491,188	$ 1,278,635
Investments	3,489,888	242,757	3,732,645	6,991,606
Internal Balances	34,166	(34,166)	-	-
Due From Primary Government	-	-	-	6,766
Due From Component Units	12,506	123	12,629	-
Investment Sales Receivable	46,157	-	46,157	-
Accounts Receivable	140,161	97,639	237,800	675,657
Taxes Receivable	859,732	-	859,732	-
Due From Other Governments	1,153,212	3,048	1,156,260	625,116
Mortgages, Notes, and Loans Receivable	56	-	56	776,173
Securities Lending Collateral	271,222	808	272,030	15,514
Inventory	42,294	43,800	86,094	38,865
Restricted Assets	3,932	-	3,932	45,717
Other Assets	174	33,580	33,754	227,071
Capital Assets, Net of Accumulated Depreciation	1,324,726	1,372,230	2,696,956	6,256,378
Capital Assets Not Depreciated	19,427,272	196,490	19,623,762	783,819
TOTAL ASSETS	**29,541,400**	**2,711,595**	**32,252,995**	**17,721,317**
DEFERRED OUTFLOWS OF RESOURCES	**118,819**	**7,920**	**126,739**	**58,123**
LIABILITIES				
Warrants Payable	14,092	80	14,172	75
Investment Purchases Payable	116,607	-	116,607	340
Due To Primary Government	-	-	-	12,629
Due To Component Units	6,315	451	6,766	-
Accounts Payable	954,345	109,721	1,064,066	581,904
Tax Refunds Payable	112,207	-	112,207	-
Due To Other Governments	224,968	2,993	227,961	144,513
Securities Lending Obligation	271,222	808	272,030	15,514
Unearned Revenue	4,863	73,746	78,609	803,452
Amounts Held in Custody for Others	116,601	7,882	124,483	396,839
Noncurrent Liabilities:				
Due Within One Year	281,023	47,866	328,889	437,265
Due In More Than One Year	5,379,070	697,976	6,077,046	4,481,491
TOTAL LIABILITIES	**7,481,313**	**941,523**	**8,422,836**	**6,874,022**
DEFERRED INFLOWS OF RESOURCES	**859**	**0**	**859**	**1,116**
NET POSITION				
Net Investment in Capital Assets	20,170,202	937,301	21,107,503	3,476,755
Restricted for:				
Permanent - Expendable	-	6,005	6,005	924,561
Permanent - Non-expendable	81,652	6,866	88,518	1,495,839
Unemployment Compensation	-	320,526	320,526	-
Alabama Trust Capital	2,856,681	-	2,856,681	-
Economic Development and Regulation	255,132	-	255,132	-
Education	1,079,958	364,904	1,444,862	2,021
Natural Resources and Recreation	104,667	-	104,667	-
Health	271,054	1,025	272,079	-
Social Services	257,379	-	257,379	-
Protection of Persons and Property	214,872	-	214,872	-
Transportation	452,597	-	452,597	-
General Government	649,560	-	649,560	-
Debt Service	136,111	69,365	205,476	716,829
Capital Projects	267,342	21,340	288,682	5,235
Other Purposes	-	-	-	196,707
Unrestricted	(4,619,160)	50,660	(4,568,500)	4,086,355
TOTAL NET POSITION	**$ 22,178,047**	**$ 1,777,992**	**$ 23,956,039**	**$ 10,904,302**

The Notes to the Financial Statements are an integral part of this statement.

ALABAMA
TENNESSEE
TENNESSEE RIVER
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BLACK WARRIOR
COOSA
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ALLAPOOSA
CHATABA R.
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MISSISSIPPI
RIVER
ALABAMA
GEORGIA
TOMBIGBEE
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2014

(Amounts in Thousands)

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES: Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Economic Development and Regulation	$ 114,405	$ 131,404	$ 23,500	$ 3,943
Education and Cultural Resources	6,490,384	51,316	917,042	3,113
Natural Resources and Recreation	136,131	84,298	41,907	972
Health	6,540,184	355,442	4,816,868	134
Social Services	2,393,752	65,950	1,906,183	5,577
Protection of Persons and Property	1,140,958	276,993	148,629	13,538
Transportation	1,455,604	180,079	46,416	935,263
General Government	905,446	242,313	170,993	4,426
Debt Service - Interest and Other Charges	160,847	-	-	-
Total Governmental Activities	19,337,711	1,387,795	8,071,538	966,966
Business-type Activities				
Unemployment Compensation	291,417	359,914	32,959	-
State Port Authority	142,757	162,617	106	13,462
Alabama Community College System	756,642	168,466	301,946	4,401
Alcoholic Beverage Control Board	288,627	296,337	392	-
Nonmajor Proprietary Funds	89,970	95,218	769	-
Total Business-type Activities	1,569,413	1,082,552	336,172	17,863
Total Primary Government	**20,907,124**	**2,470,347**	**8,407,710**	**984,829**
Component Units:				
University of Alabama	4,062,717	2,968,282	709,565	44,585
Auburn University	982,628	563,396	210,589	3,747
University of South Alabama	688,671	494,285	34,288	4,272
Housing Finance Authority	50,724	15,537	18,067	-
State Employees' Health Insurance Board	452,976	462,841	5	-
Public Education Employees' Health Insurance	807,086	740,662	7	-
Nonmajor Component Units	1,114,026	549,545	259,961	15,213
Total Component Units	**8,158,828**	**5,794,548**	**1,232,482**	**67,817**
General Revenues:				
Taxes:				
Sales and Use Taxes				
Income Taxes				
Motor Fuels Taxes				
Utility Taxes				
Insurance Premium Tax				
Property Tax				
Liquor Taxes				
Tobacco and Cigarette Taxes				
Payments from State of Alabama				
Grants and Contributions Not Restricted to Specific Programs				
Unrestricted Investment Earnings				
Miscellaneous				
Contributions to Permanent Funds and Endowments				
Transfers				
Total General Revenues, Contributions and Transfers				
Change in Net Position				
Net Position, October 1, 2013, as Restated				
Net Position, September 30, 2014				

The Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total Primary Government	Component Units
$ 44,442	$ 0	$ 44,442	$ 0
(5,518,913)	-	(5,518,913)	-
(8,954)	-	(8,954)	-
(1,367,740)	-	(1,367,740)	-
(416,042)	-	(416,042)	-
(701,798)	-	(701,798)	-
(293,846)	-	(293,846)	-
(487,714)	-	(487,714)	-
(160,847)	-	(160,847)	-
(8,911,412)	0	(8,911,412)	0
-	101,456	101,456	-
-	33,428	33,428	-
-	(281,829)	(281,829)	-
-	8,102	8,102	-
-	6,017	6,017	-
0	(132,826)	(132,826)	0
(8,911,412)	**(132,826)**	**(9,044,238)**	**0**
-	-	-	(340,285)
-	-	-	(204,896)
-	-	-	(155,826)
-	-	-	(17,120)
-	-	-	9,870
-	-	-	(66,417)
-	-	-	(289,307)
0	**0**	**0**	**(1,063,981)**
2,398,362	-	2,398,362	-
3,627,582	-	3,627,582	-
545,976	-	545,976	-
640,104	-	640,104	-
306,359	-	306,359	-
334,275	-	334,275	-
171,297	11,823	183,120	-
126,103	-	126,103	-
-	-	-	1,093,110
9,096	-	9,096	1,054
209,954	-	209,954	379,868
1,119,266	9,500	1,128,766	45,083
-	11	11	38,666
(254,652)	254,652	-	-
9,233,722	**275,986**	**9,509,708**	**1,557,781**
322,310	**143,160**	**465,470**	**493,800**
21,855,737	1,634,832	23,490,569	10,410,502
$ 22,178,047	**$ 1,777,992**	**$ 23,956,039**	**$ 10,904,302**

BALANCE SHEET
Governmental Funds

September 30, 2014
(Amounts in Thousands)

	General Fund	Education Trust Fund	Alabama Trust	Medicaid Fund	Public Road and Bridge Fund
ASSETS					
Cash and Cash Equivalents	$ 214,543	$ 69,183	$ 92,470	$ 12,734	$ 384,854
Investments	-	-	2,581,522	-	56,936
Due From Other Funds	19,559	1,050	254,155	22,762	3,462
Due From Component Units	-	-	-	-	-
Investment Sales Receivable	-	-	40,824	-	-
Accounts Receivable	2,543	15	21,563	1,629	5,008
Taxes Receivable	240,086	218,730	-	-	26,638
Due From Other Governments	-	84	-	238,174	160,055
Mortgages, Notes, and Loans Receivable	-	-	-	-	-
Securities Lending Collateral	4,409	1,467	225,294	270	8,194
Inventory	3,118	-	-	-	26,093
Restricted Assets	-	-	-	-	-
Other Assets	-	-	-	-	-
TOTAL ASSETS	**$ 484,258**	**$ 290,529**	**$ 3,215,828**	**$ 275,569**	**$ 671,240**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Warrants Payable	$ 572	$ 1,785	$ 0	$ 210	$ 1,340
Investment Purchases Payable	-	-	104,372	-	-
Due To Other Funds	172,652	100,815	6	65,254	3,055
Due To Component Units	2	81	-	-	33
Accounts Payable	61,947	37,901	412	287,883	190,785
Tax Refunds Payable	-	112,207	-	-	-
Due To Other Governments	7,000	7,234	-	62	15,011
Securities Lending Obligation	4,409	1,467	225,294	270	8,194
Unearned Revenue	6	-	-	-	-
Amounts Held in Custody for Others	326	3	-	-	8,659
Compensated Absences	817	228	-	31	368
Total Liabilities	**247,731**	**261,721**	**330,084**	**353,710**	**227,445**
Deferred Inflows Of Resources	**112,119**	**0**	**1,844**	**0**	**469**
Fund Balances					
Nonspendable:					
Inventory	3,118	-	-	-	26,093
Permanent Fund Principal	-	-	-	-	-
Restricted for:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	28,808	-	-	-
Natural Resources and Recreation	-	-	29,062	-	-
Health	-	-	-	-	-
Social Services	-	-	-	-	-
Protection of Persons and Property	-	-	-	-	-
Transportation	-	-	-	-	417,233
General Government	-	-	-	-	-
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	-	-
Alabama Trust Capital	-	-	2,854,838	-	-
Assigned for:					
Economic Development and Regulation	61	-	-	-	-
Education and Cultural Resources	15	-	-	-	-
Natural Resources and Recreation	2	-	-	-	-
Health	157	-	-	-	-
Social Services	22	-	-	-	-
Protection of Persons and Property	1,469	-	-	-	-
General Government	168	-	-	-	-
Unassigned	119,396	-	-	(78,141)	-
Total Fund Balances	**124,408**	**28,808**	**2,883,900**	**(78,141)**	**443,326**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 484,258**	**$ 290,529**	**$ 3,215,828**	**$ 275,569**	**$ 671,240**

The Notes to the Financial Statements are an integral part of this statement.

Public Welfare Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 96,945	$ 1,748,449	$ 2,619,178
-	817,010	3,455,468
15,680	102,125	418,793
-	12,355	12,355
-	5,333	46,157
95	108,622	139,475
50,567	323,711	859,732
1,707	168,870	568,890
-	56	56
1,915	27,902	269,451
-	1,903	31,114
-	3,932	3,932
-	174	174
$ 166,909	**$ 3,320,442**	**$ 8,424,775**
$ 438	$ 9,507	$ 13,852
-	12,235	116,607
6,888	64,900	413,570
-	606	722
49,956	272,137	901,021
-	-	112,207
1,285	194,335	224,927
1,915	27,902	269,451
-	4,857	4,863
3,746	103,867	116,601
318	1,010	2,772
64,546	**691,356**	**2,176,593**
36,600	**214,772**	**365,804**
-	1,903	31,114
-	81,652	81,652
-	255,132	255,132
-	358,373	387,181
-	75,605	104,667
-	168,914	168,914
65,763	155,015	220,778
-	214,873	214,873
-	34,895	452,128
-	645,183	645,183
-	265,388	265,388
-	136,431	136,431
-	-	2,854,838
-	1,149	1,210
-	400	415
-	60	62
-	-	157
-	839	861
-	28,152	29,621
-	11,199	11,367
-	(20,849)	20,406
65,763	**2,414,314**	**5,882,378**
$ 166,909	**$ 3,320,442**	**$ 8,424,775**

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

September 30, 2014

(Amounts in Thousands)

Total Fund Balances for Governmental Funds		**$5,882,378**
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	343,985	
Historical Exhibits	4,132	
Construction in progress	160,831	
Construction in progress - Infrastructure	4,675,517	
Infrastructure	14,188,815	
Buildings	1,624,958	
Equipment	705,054	
Intangibles	44,379	
Intangible Assets Under Development	23,537	
Accumulated Depreciation - Buildings	(642,307)	
Accumulated Depreciation - Equipment	(429,143)	
Amortization - Intangibles	(13,445)	
		20,686,313
Some of the State's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.		365,804
Internal service funds are used by management to charge the costs of certain activities, such as insurance and information technology, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.		125,024
Long-term loans reported in due from other governments are not collectible in the current period and, therefore, are not reported in the funds.		584,322
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Capital Leases, Notes, and Mortgages	(181,457)	
Compensated Absences	(271,380)	
Claims and Judgments	(11,191)	
Due to Component Units	(5,367)	
Other Post-Employment Benefits	(923,360)	
		(1,392,755)
Deferred losses on refunding of debt reported as deferred outflows of resources in governmental activities are not financial resources and, therefore, are not reported in the funds.		117,951
Deferred gains on refunding of debt reported as deferred inflows of resources in governmental activities are not financial resources and, therefore, are not reported in the funds.		(859)
Long-term bonded debt is not due and payable in the current period and, therefore, is not reported in the funds. Unamortized discounts, unamortized premiums, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Position. This is the total effect of these balances on the statement.		
General Obligation Bonds Payable	(610,825)	
Revenue Bonds Payable	(3,173,187)	
Unamortized Premiums	(367,504)	
Unamortized Discounts	309	
Accrued Interest Payable	(38,924)	
		(4,190,131)
Net Position of Governmental Activities		**$22,178,047**

The Notes to the Financial Statements are an integral part of this statement.

ALABAMA
TENNESSEE
TENNESSEE RIVER
RIVER
RIVER
BLACK WARRIOR
COOSA
RIVER
ALLAPOOSA
MISSISSIPPI
GEORGIA
CHATABA R.
RIVER
RIVER
ALABAMA
TOMBIGBEE
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

STATE OF ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	General Fund	Education Trust Fund	Alabama Trust	Medicaid Fund	Public Road and Bridge Fund
REVENUES					
Taxes	$ 1,232,136	$ 5,857,686	$ 0	$ 0	$ 350,680
Licenses, Permits, and Fees	152,786	119	-	12	139,883
Fines, Forfeits, and Court Settlements	15,614	-	-	3,203	-
Investment Income	11,921	-	197,571	17	713
Federal Grants and Reimbursements	1,969	299	-	3,915,896	908,286
Other Revenues	1,624	326	90,125	594,025	80,467
Total Revenues	**1,416,050**	**5,858,430**	**287,696**	**4,513,153**	**1,480,029**
EXPENDITURES					
Current:					
Economic Development and Regulation	5,230	694	-	-	-
Education and Cultural Resources	5,045	5,181,792	-	-	-
Natural Resources and Recreation	5,045	1,088	953	-	-
Health	651,095	12,869	-	4,049,329	-
Social Services	12,152	27,988	-	-	-
Protection of Persons and Property	532,953	43,199	-	-	-
Transportation	-	-	-	-	1,449,185
General Government	207,475	10,695	8,368	-	-
Capital Outlay	-	-	-	-	-
Debt Service - Principal Retirement	-	29	-	-	2,427
Debt Service - Interest and Other Charges	11	24	-	-	121
Total Expenditures	**1,419,006**	**5,278,378**	**9,321**	**4,049,329**	**1,451,733**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(2,956)**	**580,052**	**278,375**	**463,824**	**28,296**
OTHER FINANCING SOURCES (USES)					
Transfers In	373,883	-	6,742	281,450	163,169
Bonds Issued	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	-
Capital Leases	-	-	-	-	1,052
Debt Issuance Premiums	-	-	-	-	-
Insurance Recovery Proceeds	-	-	-	-	1,561
Transfers Out	(341,200)	(457,564)	(324,982)	(743,091)	(118,901)
Payments to Refunded Bond Escrow Agent	-	-	-	-	-
Total Other Financing Sources (Uses)	**32,683**	**(457,564)**	**(318,240)**	**(461,641)**	**46,881**
Net Change in Fund Balances	**29,727**	**122,488**	**(39,865)**	**2,183**	**75,177**
Fund Balances, October 1, 2013, as Restated	94,534	(93,680)	2,923,765	(80,324)	368,091
Increase (Decrease) in Inventory	147	-	-	-	58
Fund Balances, September 30, 2014	**$ 124,408**	**$ 28,808**	**$ 2,883,900**	**$ (78,141)**	**$ 443,326**

The Notes to the Financial Statements are an integral part of this statement.

Public Welfare Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 185,668	$ 1,543,011	$ 9,169,181
603	485,203	778,606
-	129,634	148,451
-	42,476	252,698
1,646,127	1,983,228	8,455,805
32,047	351,994	1,150,608
1,864,445	**4,535,546**	**19,955,349**
-	109,179	115,103
-	1,319,280	6,506,117
-	142,739	149,825
-	1,794,174	6,507,467
1,923,497	402,212	2,365,849
-	530,987	1,107,139
-	230,839	1,680,024
560	666,115	893,213
-	49,834	49,834
3,406	264,933	270,795
3,977	194,567	198,700
1,931,440	**5,704,859**	**19,844,066**
(66,995)	**(1,169,313)**	**111,283**
154,306	1,830,445	2,809,995
-	128,985	128,985
-	814,000	814,000
-	5,782	6,834
-	165,400	165,400
159	2,129	3,849
(84,954)	(1,034,562)	(3,105,254)
-	(966,941)	(966,941)
69,511	**945,238**	**(143,132)**
2,516	**(224,075)**	**(31,849)**
63,247	2,638,299	5,913,932
-	90	295
$ 65,763	**$ 2,414,314**	**$ 5,882,378**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
September 30, 2014
(Amounts in Thousands)

Net Change in Fund Balances for Governmental Funds		**($31,849)**
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Outlay	390,424	
Depreciation Expense	(93,217)	
		297,207
In the Statement of Activities, only the gain (loss) on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost, net of accumulated depreciation, of the assets sold.		(14,803)
In the Statement of Activities, the change in the balance of inventories is expensed, whereas in the governmental funds, the change in the balance of inventories is adjusted to nonspendable fund balance.		295
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		15,748
Long-term loans to other governments are expenditures in the governmental funds, and the repayment is revenue in the governmental funds.		
Long-term loans to other governments	31,976	
Repayments of loans	(56,032)	
		(24,056)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and information technology, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		23,954
Capital asset reassignments for the general government have not been reported in governmental fund financial statements.		
Internal service fund capital assets reassigned to the general government	19,959	
Internal service fund capital assets reassigned from the general government	(17)	
		19,942
Amortization of deferred losses on refunding of debt reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(5,835)
Long-term debt proceeds provide current financial resources to governmental funds, which increases long-term liabilities in the Statement of Net Position. Long-term debt principal repayment is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Bond proceeds	(128,985)	
Refunding bond proceeds	(814,000)	
Capital lease proceeds	(6,834)	
Debt issuance premiums	(165,400)	
Payments to Refunded Bond Escrow Agent	966,941	
Repayment of bond principal	260,351	
Repayment of capital lease principal	10,444	
Accrued interest and debt-related amortization	45,946	
		168,463
Increases in long-term liabilities for certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Other post-employment benefits	(127,555)	
Compensated absences	396	
Claims and judgments	403	
		(126,756)
Change in Net Position of Governmental Activities		**$322,310**

The Notes to the Financial Statements are an integral part of this statement.

ALABAMA
TENNESSEE
TENNESSEE RIVER
RIVER
RIVER
BLACK WARRIOR
COOSA
RIVER
ALLAPOOSA
CHATTAHOOCHEE
RIVER
MISSISSIPPI
GEORGIA
TOMBIGBEE
RIVER
ALABAMA
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

STATEMENT OF NET POSITION
Proprietary Funds

September 30, 2014
(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alabama Community College System	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds
ASSETS					
Current Assets					
Cash and Cash Equivalents	$ 342,317	$ 31,444	$ 337,853	$ 31,744	$ 11,928
Investments, Short-term	-	18,635	89,937	-	8,314
Due From Other Funds	34	-	-	202	537
Due From Component Units	-	-	-	-	113
Accounts Receivable	5,701	15,840	70,588	513	4,997
Due From Other Governments	3	3,045	-	-	-
Securities Lending Collateral	82	-	-	681	45
Inventory	-	3,220	6,258	33,060	1,262
Other Current Assets	-	10,439	-	-	11,310
Total Current Assets	**348,137**	**82,623**	**504,636**	**66,200**	**38,506**
Noncurrent Assets					
Investments, Long-term	-	31,682	23,395	-	70,794
Due From Other Funds	-	-	-	-	10,390
Due From Component Units	-	-	-	-	10
Other Noncurrent Assets	-	3,790	7,883	90	68
Capital Assets, Net of Accumulated Depreciation	-	525,534	834,545	4,599	7,552
Capital Assets Not Depreciated	-	116,902	74,096	-	5,492
Total Noncurrent Assets	**0**	**677,908**	**939,919**	**4,689**	**94,306**
TOTAL ASSETS	**348,137**	**760,531**	**1,444,555**	**70,889**	**132,812**
DEFERRED OUTFLOWS OF RESOURCES	**0**	**6,144**	**1,776**	**0**	**0**
LIABILITIES					
Current Liabilities					
Warrants Payable	-	-	-	52	28
Due To Other Funds	6,501	-	-	27,759	1,069
Due To Component Units	-	-	-	-	451
Accounts Payable	20,770	19,528	30,876	37,683	864
Due To Other Governments	185	-	-	2,804	4
Claims Payable	-	423	-	-	17,309
Unearned Revenue	-	-	71,897	-	-
Funds Held in Escrow	73	-	7,809	-	-
Compensated Absences	-	1,914	2,273	110	304
Securities Lending Obligation	82	-	-	681	45
Notes and Capital Leases Payable	-	-	466	273	-
Revenue Bonds Payable	-	9,245	15,549	-	-
Total Current Liabilities	**27,611**	**31,110**	**128,870**	**69,362**	**20,074**
Noncurrent Liabilities					
Claims Payable	-	2,325	-	-	2,302
Unearned Revenue, Noncurrent	-	501	1,348	-	-
Due To Other Funds	-	-	-	-	10,000
Compensated Absences	-	2,870	16,099	6,979	26
Other Post-employment Benefits	-	15,182	-	24,464	225
Notes and Capital Leases Payable	-	-	3,090	513	1,506
Revenue Bonds Payable	-	354,450	254,248	-	-
Other Long-term Liabilities	-	10,905	2,792	-	-
Total Noncurent Liabilities	**0**	**386,233**	**277,577**	**31,956**	**14,059**
TOTAL LIABILITIES	**27,611**	**417,343**	**406,447**	**101,318**	**34,133**
NET POSITION					
Net Investment in Capital Assets	-	284,885	637,064	3,813	11,539
Restricted for:					
Permanent - Expendable	-	-	6,005	-	-
Permanent - Non-expendable	-	-	6,866	-	-
Unemployment Compensation	320,526	-	-	-	-
Education	-	-	357,151	-	7,753
Health	-	-	-	-	1,025
Debt Service	-	57,907	11,458	-	-
Capital Projects	-	-	21,340	-	-
Unrestricted	-	6,540	-	(34,242)	78,362
TOTAL NET POSITION	**$ 320,526**	**$ 349,332**	**$ 1,039,884**	**$ (30,429)**	**$ 98,679**

The Notes to the Financial Statements are an integral part of this statement.

	Total Enterprise Funds	Governmental Activities Internal Service Funds
$	755,286	$ 116,724
	116,886	2,622
	773	20,625
	113	151
	97,639	676
	3,048	-
	808	1,771
	43,800	11,180
	21,749	-
	1,040,102	**153,749**
	125,871	31,798
	10,390	10,000
	10	-
	11,831	-
	1,372,230	35,228
	196,490	30,455
	1,716,822	**107,481**
	2,756,924	**261,230**
	7,920	**867**
	80	240
	35,329	1,004
	451	226
	109,721	14,391
	2,993	41
	17,732	3,549
	71,897	-
	7,882	-
	4,601	29
	808	1,771
	739	1,777
	24,794	2,645
	277,027	**25,673**
	4,627	45,889
	1,849	-
	10,000	675
	25,974	5,032
	39,871	12,244
	5,109	1,711
	608,698	44,596
	13,697	1,253
	709,825	**111,400**
	986,852	**137,073**
	937,301	17,776
	6,005	-
	6,866	-
	320,526	-
	364,904	-
	1,025	-
	69,365	-
	21,340	1,954
	50,660	105,294
$	**1,777,992**	**$ 125,024**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alabama Community College System	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds
OPERATING REVENUES					
Charges for Goods and Services	$ 0	$ 162,318	$ 167,804	$ 295,907	$ 44,336
Premiums and Contributions	343,666	-	-	-	44,517
Rents and Leases	-	-	-	-	811
Total Operating Revenues	**343,666**	**162,318**	**167,804**	**295,907**	**89,664**
OPERATING EXPENSES					
Salaries, Wages, and Benefits	-	-	438,437	51,262	504
Utilities and Communications	-	-	25,713	3,393	623
Professional Services	-	-	-	5,564	3,523
Supplies, Materials, and Operating Expenses	-	-	154,940	206,426	60,302
Depreciation	-	29,199	41,600	1,683	650
Claims and Benefits	290,474	-	-	-	23,698
Operations and Maintenance	-	79,035	-	-	-
General and Administrative	-	17,459	-	-	-
Other	-	-	79,910	20,295	69
Total Operating Expenses	**290,474**	**125,693**	**740,600**	**288,623**	**89,369**
Operating Income (Loss)	**53,192**	**36,625**	**(572,796)**	**7,284**	**295**
NONOPERATING REVENUES (EXPENSES)					
Taxes	-	-	-	11,823	-
Grants	32,959	106	301,946	392	769
Investment Income	6,672	299	662	-	5,500
Other Nonoperating Revenues	9,575	2,834	6,598	451	102
Interest Expense	-	(17,063)	(11,115)	(4)	(78)
Other Nonoperating Expenses	(943)	-	(4,928)	-	(523)
Total Nonoperating Revenues (Expenses)	**48,263**	**(13,824)**	**293,163**	**12,662**	**5,770**
Income (Loss) Before Contributions and Transfers	**101,455**	**22,801**	**(279,633)**	**19,946**	**6,065**
Capital Contributions	-	13,462	4,401	-	-
Contributions to Endowments	-	-	11	-	-
Transfers In	1,085	-	297,139	469	3,683
Transfers Out	(12,480)	(56)	-	(22,806)	(12,382)
Increase (Decrease) in Net Position	**90,060**	**36,207**	**21,918**	**(2,391)**	**(2,634)**
Total Net Position, October 1, 2013, as Restated	230,466	313,125	1,017,966	(28,038)	101,313
Total Net Position, September 30, 2014	**$ 320,526**	**$ 349,332**	**$ 1,039,884**	**$ (30,429)**	**$ 98,679**

The Notes to the Financial Statements are an integral part of this statement.

Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 670,365	$ 83,486
388,183	20,119
811	18,198
1,059,359	**121,803**
490,203	34,321
29,729	19,872
9,087	12,982
421,668	30,130
73,132	6,996
314,172	6,655
79,035	-
17,459	-
100,274	8,181
1,534,759	**119,137**
(475,400)	**2,666**
11,823	-
336,172	108
13,133	657
19,560	1,011
(28,260)	(2,095)
(6,394)	(19,962)
346,034	**(20,281)**
(129,366)	**(17,615)**
17,863	17
11	-
302,376	42,897
(47,724)	(1,345)
143,160	**23,954**
1,634,832	101,070
$ 1,777,992	**$ 125,024**

STATEMENT OF CASH FLOWS
Proprietary Funds

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alabama Community College System	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds
Cash Flows from Operating Activities:					
Receipts from Customer & User Charges	$ 352,778	$ 162,169	$ 146,506	$ 296,344	$ 96,656
Receipts from Interfund Services	-	-	-	34	4,178
Receipts from Operating Grants	33,041	-	118,564	189	767
Receipts from Interfund Reimbursements	5,039	-	-	-	-
Receipts from Other Operating Activities	9,580	-	7,353	12,243	4,109
Payments for Goods Held for Resale	-	-	-	(204,976)	(28,639)
Payments for Other Goods & Services	-	(59,363)	(246,768)	(23,581)	(37,893)
Payments for Employees Services	-	(36,529)	(438,437)	(46,845)	(4,973)
Payments for Taxes, Fines, Penalties, & Similar Fees	(656)	-	-	-	(54)
Payments for Interfund Services	-	-	-	(1,962)	(9,940)
Payments for Other Operating Activities	(10)	-	-	(7,306)	(77)
Payments for Claims	(301,145)	-	-	-	(39,497)
Net Cash Provided by (Used In) Operating Activities	**98,627**	**66,277**	**(412,782)**	**24,140**	**(15,363)**
Cash Flows from Noncapital Financing Activities:					
Receipts from Noncapital Financing Grants & Donations	1,085	-	264,234	-	-
Transfers from Other Funds for Noncapital Financing	-	-	297,139	425	3,683
Payments for Noncapital Financing Grants & Donations	(3,914)	-	(61,430)	-	(10)
Transfers to Other Funds for Noncapital Financing	(9,610)	-	-	(14,854)	(12,165)
Net Cash Provided By (Used In) Noncapital Financing Activities	**(12,439)**	**0**	**499,943**	**(14,429)**	**(8,492)**
Cash Flows From Capital & Related Financing Activities:					
Proceeds from Revenue Bonds & Other Capital Debt	-	-	6,000	-	-
Receipts from Capital Grants & Contributions	-	2,827	4,401	-	-
Receipts from Sale of Capital Assets & Insurance Proceeds	-	-	-	97	-
Payments to Acquire, Construct, & Improve Capital Assets	-	(56,093)	(61,816)	(4,092)	(2,375)
Principal Paid on Revenue Bonds & Other Capital Debt	-	(8,770)	(21,346)	(45)	(84)
Interest Paid on Revenue Bonds & Other Capital Debt	-	(19,322)	(11,045)	(3)	(78)
Bond Issuance Cost	-	-	(81)	-	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	**0**	**(81,358)**	**(83,887)**	**(4,043)**	**(2,537)**
Cash Flows From Investing Activities					
Receipts from Sales & Maturities of Investments	-	-	37,530	-	19,282
Receipts from Interest & Dividends on Investments & Loans	6,157	816	852	-	2,487
Purchase of Investments	-	(743)	(47,585)	-	(122)
Net Cash Provided By (Used In) Investing Activities	**6,157**	**73**	**(9,203)**	**0**	**21,647**
Net Increase (Decrease) In Cash and Cash Equivalents	**92,345**	**(15,008)**	**(5,929)**	**5,668**	**(4,745)**
Cash Balance as Restated, October 1, 2013	249,972	46,452	343,782	26,024	16,645
Cash Balance, September 30, 2014	**342,317**	**31,444**	**337,853**	**31,692**	**11,900**
Add: Warrants Payable	-	-	-	52	28
Cash and Cash Equivalents, as Reported on Balance Sheet	**$ 342,317**	**$ 31,444**	**$ 337,853**	**$ 31,744**	**$ 11,928**

The Notes to the Financial Statements are an integral part of this statement.

Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 1,054,453	$ 8,913
4,212	119,324
152,561	-
5,039	-
33,285	343
(233,615)	(17,377)
(367,605)	(43,357)
(526,784)	(32,230)
(710)	(1)
(11,902)	(6,413)
(7,393)	(238)
(340,642)	(4,491)
(239,101)	**24,473**
265,319	-
301,247	38,543
(65,354)	-
(36,629)	(1,289)
464,583	**37,254**
6,000	-
7,228	-
97	168
(124,376)	(22,862)
(30,245)	(4,429)
(30,448)	(2,151)
(81)	-
(171,825)	**(29,274)**
56,812	4,189
10,312	861
(48,450)	(2,076)
18,674	**2,974**
72,331	**35,427**
682,875	81,057
755,206	**116,484**
80	240
$ 755,286	**$ 116,724**

Continued on next page...

STATEMENT OF CASH FLOWS (Continued from Previous Page)
Proprietary Funds

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	Business-type Activities – Enterprise Funds				
	Unemployment Compensation Trust	State Port Authority	Alabama Community College System	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	**$ 53,192**	**$ 36,625**	**$ (572,796)**	**$ 7,284**	**$ 295**
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Due from Other Funds	(32)	-	-	(2)	831
Accounts Receivable	1,065	(155)	4,409	(28)	9,818
Due From Other Governments	1	-	-	-	-
Inventory	-	(9)	1,460	(3,124)	(32)
Other Assets	-	(2,853)	(324)	-	1,090
Due to Other Funds	(3)	-	-	251	(7,199)
Due to Component Units	-	-	-	-	327
Accounts Payable	1,624	400	3,840	650	(20,084)
Due to Other Governments	167	-	-	761	3
Claims Payable	-	507	-	-	(1,165)
Unearned Revenue	-	(5)	(1,637)	9	(268)
Funds Held in Escrow	(5)	-	1,869	-	-
Compensated Absences	-	(231)	-	318	-
Other Post-employment Benefits	-	1,935	-	3,714	29
Other Liabilities	-	200	(54)	-	(5)
Depreciation	-	29,199	41,600	1,683	650
Amortization Expense	-	2,399	-	-	-
Nonoperating Revenues	42,618	106	119,966	12,624	870
Nonoperating Expenses	-	(1,841)	(11,115)	-	(523)
Total Adjustments	45,435	29,652	160,014	16,856	(15,658)
Net Cash Provided (Used) by Operating Activities	**$ 98,627**	**$ 66,277**	**$ (412,782)**	**$ 24,140**	**$ (15,363)**
Noncash Investing, Capital, and Financing Activities					
Increase (Decrease):					
Capital Assets Acquired by Capital Contribution	-	8,739	-	-	-
Capital Assets Acquired by Capital Lease or Other Debt	-	-	333	831	-
Capital Assets Acquired on Account	-	5,996	1,021	135	15
Disposals of Capital Assets	-	(1,697)	(6,403)	(4,494)	(96)
Capital Asset Reassignments	-	-	-	-	-
Revenue Bond Amortizations and Other Debt Adjustments	-	43	-	-	-
Interest Accruals and Other Adjustments	515	-	-	-	520
Unrealized Gains (Losses) in Investment Fair Value	-	2,330	(360)	-	2,447
Transfers In (Out)	7	-	-	(8,517)	-
Capital Grants and Contributions Receivable	-	1,896	-	-	-

The Notes to the Financial Statements are an integral part of this statement.

Total Enterprise Funds	Governmental Activities Internal Service Funds
$ (475,400)	**$ 2,666**
797	6,759
15,109	136
1	-
(1,705)	1,364
(2,087)	-
(6,951)	226
327	-
(13,570)	1,647
931	-
(658)	2,567
(1,901)	-
1,864	-
87	(79)
5,678	1,806
141	62
73,132	6,996
2,399	-
176,184	327
(13,479)	(4)
236,299	21,807
$ (239,101)	**$ 24,473**
8,739	17
1,164	766
7,167	3,738
(12,690)	(1,763)
-	(20,045)
43	(779)
1,035	(17)
4,417	42
(8,510)	12,591
1,896	-

STATE OF ALABAMA

STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Funds

September 30, 2014
(Amounts in Thousands)

	Pension and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents	$ 84,314	$ 42,143	$ 278,870
Investments			
Time Deposits	-	-	751
U.S. Treasury Securities	1,457,948	56,790	34,575
U.S. Agency Securities	429,759	8,795	-
State and Local Government Securities	-	2,067	9,100
Mortgage Backed Securities	857,954	21,694	3,635
Corporate Stocks	18,822,743	5,906	-
Corporate Bonds	5,907,584	45,127	950
Real Estate	3,116,022	20	-
Commercial Paper	1,028,589	-	-
International Stocks	4,511,179	-	-
Guaranteed Investment Contracts	246,263	-	-
Mutual and Money Market Funds	588,703	1,211,971	3,604
Receivables			
Due From Other Funds	-	-	5
Employer Contributions Receivable	93,877	-	-
Member Contributions Receivable	56,859	-	-
Federal On-Behalf Contributions Receivable	33,528	-	-
Investment Sales Receivable	28,904	-	-
Accounts Receivable	147,781	1,862	9
Due From Other Governments	17,343	-	914
Mortgages, Notes, and Loans Receivable	6,510	-	-
Securities Lending Collateral	1,920,525	7,043	2,117
Other Assets	539	-	-
Capital Assets, Net of Accumulated Depreciation	131,131	3	-
Capital Assets Not Depreciated	7,620	-	-
TOTAL ASSETS	**39,495,675**	**1,403,421**	**334,530**
LIABILITIES			
Warrants Payable	$ 42,840	$ 245	$ 12,890
Investment Purchases Payable	39,615	15	-
Due To Other Funds	3	5	-
Accounts Payable	10,902	33,393	244
Due To Other Governments	3,413	-	6,013
Claims Payable	46,776	-	-
Securities Lending Obligation	1,920,525	7,043	2,117
Unearned Revenue	2,913	-	-
Amounts Held in Custody for Others	-	525	313,266
Compensated Absences	4,636	4	-
Other Post-employment Benefits	7,647	115	-
Notes and Mortgages Payable	1,000	-	-
TOTAL LIABILITIES	**2,080,270**	**41,345**	**334,530**
NET POSITION			
Restricted or Held in Trust for Beneficiaries	-	1,362,076	-
Restricted for Pension and Other Employee Benefits	36,050,133	-	-
Held in Trust for Other Post-Employment Benefits	1,365,272	-	-
TOTAL NET POSITION	**$ 37,415,405**	**$ 1,362,076**	**$ 0**

The Notes to the Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiduciary Funds

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	Pension and Other Employee Benefit Trust Funds	Private-Purpose Trust Funds
ADDITIONS		
Contributions:		
Plan members	$ 1,060,101	$ 151,435
Employer	1,567,470	-
Other Contributions	113	1
Federal On-Behalf	54,899	-
Total Contributions	2,682,583	151,436
Investment Earnings		
Investment Interest and Dividends	1,029,859	42,040
Net Increase (Decrease) in Fair Value of Investments	2,944,488	53,385
Securities Lending Income	17,208	9
Total Investment Earnings	3,991,555	95,434
Less:		
Investment Expense	9,046	-
Securities Lending Interest and Fees	5,171	3
Net Investment Income	3,977,338	95,431
Other Additions		
Interest from Mortgages and Loans Receivable	311	-
Miscellaneous	282	405
Total Other Additions	593	405
Total Additions	**6,660,514**	**247,272**
DEDUCTIONS		
Benefit Payments and Refunds	3,880,062	166,677
Administrative Expense	36,266	8,250
Transfers Out	-	945
Total Deductions	**3,916,328**	**175,872**
Change in Net Position	**2,744,186**	**71,400**
Net Position Restricted or Held in Trust for Beneficiaries, October 1, 2013, as Restated	34,671,219	1,290,676
Net Position Restricted or Held in Trust for Beneficiaries, September 30, 2014	**$ 37,415,405**	**$ 1,362,076**

The Notes to the Financial Statements are an integral part of this statement.

STATE OF ALABAMA

STATEMENT OF NET POSITION
Component Units

September 30, 2014
(Amounts in Thousands)

	University of Alabama	Auburn University	University of South Alabama	Housing Finance Authority	State Employees' Health Insurance
ASSETS					
Cash and Cash Equivalents	$ 571,521	$ 142,341	$ 89,762	$ 17,503	$ 12,787
Investments	3,557,943	1,362,867	598,572	417,584	197,222
Due From Primary Government	-	-	-	-	688
Accounts Receivable	416,679	35,904	51,150	16,554	11,739
Due From Other Governments	-	-	-	-	-
Mortgages, Notes, and Loans Receivable	201,951	57,633	5,088	487,307	1,000
Securities Lending Collateral	-	-	-	-	8,690
Inventory	26,471	4,600	-	-	-
Restricted Assets	-	-	43,692	-	-
Other Assets	111,630	35,450	15,035	39,743	132
Capital Assets, Net of Accumulated Depreciation	3,249,359	1,513,937	474,689	-	1,691
Capital Assets Not Depreciated	349,808	47,685	130,827	-	-
TOTAL ASSETS	**8,485,362**	**3,200,417**	**1,408,815**	**978,691**	**233,949**
DEFERRED OUTFLOWS OF RESOURCES	**27,988**	**14,442**	**3,318**	**0**	**0**
LIABILITIES					
Warrants Payable	-	-	-	-	6
Investment Purchases Payable	-	-	-	-	327
Due To Primary Government	5,710	-	-	-	725
Accounts Payable	352,905	87,365	47,467	20,029	3,043
Due To Other Governments	22,579	-	-	-	4,168
Securities Lending Obligation	-	-	-	-	8,690
Unearned Revenue	386,665	194,760	55,018	7,028	8,318
Amounts Held in Custody for Others	41,194	23,011	-	317,942	-
Noncurrent Liabilities:					
Due Within One Year	170,825	43,211	20,849	25,856	45,453
Due In More Than One Year	2,075,569	763,603	462,188	264,476	2,653
TOTAL LIABILITIES	**3,055,447**	**1,111,950**	**585,522**	**635,331**	**73,383**
DEFERRED INFLOWS OF RESOURCES	**241**	**435**	**177**	**44**	**0**
NET POSITION					
Net Investment in Capital Assets	1,757,051	832,998	238,354	-	1,691
Restricted for:					
Permanent - Expendable	645,861	161,921	14,571	-	-
Permanent - Non-expendable	742,486	367,103	209,717	-	-
Education	-	-	-	-	-
Debt Service	-	-	-	96,558	-
Capital Projects	-	5,221	-	-	-
Other Purposes	-	5,014	137,211	-	-
Unrestricted	2,312,264	730,217	226,581	246,758	158,875
TOTAL NET POSITION	**$ 5,457,662**	**$ 2,102,474**	**$ 826,434**	**$ 343,316**	**$ 160,566**

The Notes to the Financial Statements are an integral part of this statement.

Public Education Employees' Health Insur	Nonmajor Component Units	Total Component Units
$ 7,739	$ 436,982	$ 1,278,635
118,733	738,685	6,991,606
-	6,078	6,766
6,326	137,305	675,657
1,482	623,634	625,116
-	23,194	776,173
167	6,657	15,514
-	7,794	38,865
-	2,025	45,717
913	24,168	227,071
-	1,016,702	6,256,378
-	255,499	783,819
135,360	**3,278,723**	**17,721,317**
0	**12,375**	**58,123**
28	41	75
-	13	340
1,428	4,766	12,629
337	70,758	581,904
9,514	108,252	144,513
167	6,657	15,514
-	151,663	803,452
-	14,692	396,839
72,937	58,134	437,265
1,277	911,725	4,481,491
85,688	**1,326,701**	**6,874,022**
0	**219**	**1,116**
-	646,661	3,476,755
-	102,208	924,561
-	176,533	1,495,839
-	2,021	2,021
-	620,271	716,829
-	14	5,235
-	54,482	196,707
49,672	361,988	4,086,355
$ 49,672	**$ 1,964,178**	**$ 10,904,302**

STATEMENT OF ACTIVITIES
Component Units

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	University of Alabama	Auburn University	University of South Alabama	Housing Finance Authority	State Employees' Health Insurance
Expenses	**$ 4,062,717**	**$ 982,628**	**$ 688,671**	**$ 50,724**	**$ 452,976**
Program Revenues					
Charges for Services	2,968,282	563,396	494,285	15,537	462,841
Operating Grants and Contributions	709,565	210,589	34,288	18,067	5
Capital Grants and Contributions	44,585	3,747	4,272	-	-
Total Program Revenues	**3,722,432**	**777,732**	**532,845**	**33,604**	**462,846**
Net (Expense) Revenue	**(340,285)**	**(204,896)**	**(155,826)**	**(17,120)**	**9,870**
General Revenues:					
Payments from State of Alabama	450,274	242,759	102,696	-	-
Grants and Contributions Not Restricted to Specific Programs	135	-	-	-	-
Unrestricted Investment Earnings	170,922	79,715	45,202	27,036	6,384
Miscellaneous	670	-	36,443	-	1
Contributions to Permanent Funds and Endowments	31,413	480	6,321	-	-
Total General Revenues and Contributions	**653,414**	**322,954**	**190,662**	**27,036**	**6,385**
Change in Net Position	**313,129**	**118,058**	**34,836**	**9,916**	**16,255**
Net Position, October 1, 2013, as Restated	5,144,533	1,984,416	791,598	333,400	144,311
Net Position, September 30, 2014	**$ 5,457,662**	**$ 2,102,474**	**$ 826,434**	**$ 343,316**	**$ 160,566**

The Notes to the Financial Statements are an integral part of this statement.

Public Education Employees' Health Insur	Nonmajor Component Units	Total Component Units
$ 807,086	**$ 1,114,026**	**$ 8,158,828**
740,662	549,545	5,794,548
7	259,961	1,232,482
-	15,213	67,817
740,669	**824,719**	**7,094,847**
(66,417)	**(289,307)**	**(1,063,981)**
-	297,381	1,093,110
-	919	1,054
308	50,301	379,868
-	7,969	45,083
-	452	38,666
308	**357,022**	**1,557,781**
(66,109)	**67,715**	**493,800**
115,781	1,896,463	10,410,502
$ 49,672	**$ 1,964,178**	**$ 10,904,302**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the State of Alabama (the primary government) and its component units. Component units are legally separate organizations ("public corporations") for which the primary government is financially accountable. Generally, the primary government is financially accountable if it appoints a voting majority of the organization's board and it can either 1) impose its will on the organization, or 2) there is a financial benefit/burden relationship. If the primary government does not control the board, it may be financially accountable if the organization is fiscally dependent on the State. Organizations making up the primary government and its component units are summarized in the following paragraphs.

1. Primary Government

All state departments, agencies, elected officials, boards, commissions, authorities, committees, halls of fame, educational institutions, and other state organizations (hereafter referred to as "agencies") which are not legally separate are, for financial reporting purposes, part of the primary government. All agencies and funds that operate from within the State Treasury, except those listed later as component units, are part of the primary government. The following non-Treasury agencies operate largely independent of the control of the State Comptroller, State Auditor, and State Treasurer, but lack the corporate powers to make them legally separate and are therefore part of the primary government:

- Alabama Community College System
- Alabama Fire College
- Alabama Technology Network
- Aviation Hall of Fame
- Cahawba Advisory Committee
- Commercial Mobile Radio Service Board
- Dental Examiners Board
- Dental Scholarships Awards Board
- Firefighters Annuity and Benefit Board
- Gorgas Memorial Board
- Alabama Industrial Development and Training Institute
- Medical Examiners and Licensure Commission
- Motor Sports Hall of Fame
- Optometric Scholarships Awards Board
- Optometry Board
- Pharmacy Board
- Pilotage Commission
- Podiatry Board
- School of Fine Arts
- St. Stephens Historical Commission
- State Port Authority
- Women's Hall of Fame

2. Blended Component Units

Blended component units are legally separate but they either exist solely to provide services (usually financing) exclusively to the State, or their debt is expected to be paid using primary government resources. Because of this close relationship, they are blended with and reported as though they are a part of the primary government. All references in the financial statements or elsewhere in these notes to the term "primary government" will encompass both the primary government and the blended component units.

The following blended component units were created for the purpose of financing State capital expenditures. Each issues revenue bonds that are limited obligations of the component unit. Their boards consist of state officials and specific state revenues are pledged for bond repayment. Those marked with a † are currently inactive and had no financial balances or activity in the past fiscal year.

- Agriculture Markets and Coliseum Authority †
- Corrections Institution Finance Authority
- Mental Health Finance Authority

- Federal Aid Highway Finance Authority
- Highway Authority †
- Highway Finance Corporation
- Industrial Access Road and Bridge Authority †
- Toll Road, Bridge and Tunnel Authority †
- Judicial Building Authority
- Alabama Trade School and Junior College Authority †
- Gulf State Park Authority†

The Building Renovation Finance Authority has the same characteristics as those in the previous paragraph, but has the added responsibility of operating, maintaining, and renting buildings in the capitol complex that are occupied by state departments.

The following blended component units were created primarily for the purpose of financing capital grants and loans. These grants and loans are made to local school systems for building and equipping school buildings, or to local industrial development boards, or to industries locating in or expanding in the State. Each issues revenue bonds that are limited obligations of the component unit. Their boards consist of a majority of state officials and specific state revenues are pledged for bond repayment. Those marked with a † are currently inactive and had no financial balances or activity in the past fiscal year.

- Alabama Public School and College Authority
- Alabama Incentives Financing Authority
- Alabama Twenty-first Century Authority
- State Industrial Development Authority
- Revolving Loan Fund Authority
- Tennessee Valley Exhibit Commission †

The Department of Mental Health provides mental health services to the people of Alabama. The Governor of the State and the commissioner of the Department constitute a public corporation and are advised by a sixteen-member board of trustees. The commissioner and ten of the board members are appointed at the discretion of the Governor. All of the department's debt is repaid with resources of the primary government.

The Public Historical Sites and Parks Improvement Corporation issues bonds and uses the proceeds to renovate, improve, maintain, and construct State owned public historical sites and parks not under the jurisdiction of the Department of Conservation and Natural Resources as well as non-State owned public historical sites and parks. The six members of the Corporation are state officials. The debt is repaid entirely with resources of the primary government.

The State Parks System Improvement Corporation renovates, improves, maintains, and constructs assets belonging to the State Parks System. The six members of the Corporation are state officials. The debt of the Corporation is repaid entirely with resources of the primary government.

The Tombigbee Valley Development Authority consists of six state officials who oversee the development and improvements along the Tombigbee River. The debt of the Authority is repaid entirely with resources of the primary government.

The Coosa Valley Development Authority oversees developments and improvements along the Coosa River. Six of the seven members of the Authority are state officials. The debt of the Authority is repaid entirely with resources of the primary government.

The Forensic Science Bond Authority has the power to acquire, construct, and equip laboratories and other facilities for the State Department of Forensic Sciences. The four members of the Authority are state officials. The Authority had no financial activity in the past fiscal year.

The Alabama State Parking Deck Authority has the authority to sell bonds, operate, maintain, and rent space in a parking deck on a block in the capitol complex. The members of the Authority are State officials and the debt will be repaid with State resources.

The Educational Television Foundation Authority raises and manages money and property solely for the benefit of the Alabama Educational Television Commission, a State agency. The Authority consists of thirteen members who are appointed by the Alabama Educational Television Commission. The Authority provides fund raising and promotion flexibility that the Commission, as part of the primary government, would not otherwise have.

The Public Health Care Authority was created solely to build, furnish, and maintain facilities for the use of the Department of Public Health, a State agency, financing those facilities with debt issuances which are backed by leases with the Department. Three of the seven board members are state officials but the remaining board members are not appointed by the State and the Authority is not fiscally dependent on the State. The Authority is included in these financial statements because it would be misleading to exclude them due to the close relationship with the State.

3. Discretely Presented Component Units

Discretely presented component units are organizations, which are legally separate and do not exist to provide services exclusively to the primary government. Providing services to the citizens of the state is not considered the same as providing services to the primary government institution. Financial information for discretely presented component units is segregated on the financial statements and the notes in the "Component Unit" columns in order to emphasize that they are legally separate.

Most of the discretely presented component units have boards that are controlled by the primary government through the appointment of a majority of the board members. The State has been determined to be financially accountable for each organization because it can impose its will on each organization. Unless otherwise noted, financial accountability for each organization described below exists at least in the ability of the State to modify the component unit's budget. Other manifestations of financial accountability may also exist.

For discretely presented component units whose boards are not controlled by the State, the organization has been determined to be fiscally dependent on the State. Unless otherwise noted, fiscal dependency exists at a minimum in the State's ability to modify the component unit's budget. Other manifestations of fiscal dependency may also exist.

When audited financial statements for a discretely presented component unit exist, the address at which such financial statements can be obtained is included in the following paragraphs describing each component unit. For all other discretely presented component units, complete financial statements may be obtained from the State of Alabama, Office of State Comptroller, RSA Union Building, Suite 206, Montgomery, AL 36130-2602.

The Water Pollution Control Authority operates a revolving loan fund to aid municipalities in financing the construction of wastewater treatment facilities. A five-member board of directors made up of ex officio members governs the Authority. Audited financial statements of the Authority may be obtained from the Alabama Department of Environmental Management, 1400 Coliseum Boulevard, Montgomery, AL 36130.

The Alabama Drinking Water Finance Authority operates a revolving loan fund to aid local governments in financing the construction of sanitary drinking water facilities. A five-member board of directors made up of ex officio members governs the Authority. Audited financial statements of the Authority may be obtained from the Alabama Department of Environmental Management, 1400 Coliseum Boulevard, Montgomery, AL 36130.

The Crime Victims Compensation Commission awards compensation for economic losses arising from criminal conduct and works to change laws to benefit crime victims. The Commission consists of three members who are appointed by the Governor.

The Alabama Education Foundation encourages donations of money for local school systems and invests the money for the benefit of each local system. The Foundation is governed by a twelve-member board that is made up of state officials and other individuals appointed by state authorities.

The Supercomputer Authority operates a supercomputer for the use of educational and governmental research institutions, private businesses, and individuals. The twenty directors of the Authority are appointed by state officials.

The Public Education Employees' Health Insurance Board operates a health insurance plan for employees of public school systems, state junior colleges, colleges, universities, and related education administrative employees. The State does not appoint a majority of the Board but the Board is fiscally dependent on the State. Audited financial statements of the board may be obtained at 201 South Union Street, Montgomery, AL 36104-0001.

The State Employees' Insurance Board operates health insurance plans for state employees and for employees of local governments. The State does not appoint a majority of the Board but the Board is fiscally dependent on the State. Audited financial statements of the board may be obtained at Suite 200, 201 South Union Street, Montgomery, AL 36104.

The boards of the four-year colleges of the State, except for the University of Alabama, are appointed by the State. Those colleges are: Alabama A&M University, Alabama State University, Athens State University, Auburn University, Jacksonville State University, University of Montevallo, University of West Alabama, University of North Alabama, University of South Alabama, and Troy University. The University of Alabama board of trustees is not controlled by the State, but the University is subject to budgetary control by the State. The Crimson Tide Foundation, UAB Research Foundation, Triton Health Systems, L.L.C., and UAB Hospital Management, L.L.C. are blended component units of the University of Alabama and are therefore included in all amounts reported for the University. The University of South Alabama includes the Professional Liability Trust Fund, the General Liability Trust Fund, and the USA HealthCare Management, LLC as blended component units.

In addition to the blended component units, there are other legally separate, tax exempt organizations that are discretely presented component units of the universities. These organizations generally exist to raise funds to benefit a specific university. Although the university may not control the timing or amount of receipts from these foundations, the majority of resources that the foundations hold and invest are restricted to benefit the activities of the universities by the donors. Because the resources are held for the benefit of the universities, the foundations are considered discretely presented component units of the universities and are included in each of the universities' financial statements. For the University of Alabama, the University's discretely presented component units are The National Alumni Association of The University of Alabama, The Capstone Foundation, The 1831 Foundation, The Capstone Health Services Foundation, The University of Alabama Law School Foundation, The Donor Advised Fund, Southern Research Institute, and The University of Alabama Huntsville Foundation. For Alabama State University, the Alabama State University Foundation, Inc. and the Trust for Educational Excellence at Alabama State University are component units. For Auburn University, the University's component units are the Auburn University Foundation, Tigers Unlimited Foundation, Auburn Alumni Association, and Auburn Research and Technology Foundation. The University of Montevallo Foundation is a component unit of the University of Montevallo and is included in the amounts reported for Montevallo. The University of South Alabama has three component units, the University of South Alabama Foundation, University of South Alabama Health Services Foundation, and USA Research and Technology Corporation. The Troy University Foundation is a component unit of Troy University. Jacksonville State University's component unit is Jacksonville State University Foundation, Inc. For the University of North Alabama, the University of North Alabama Foundation is a component unit and is included in the amount reported for North Alabama. The Alabama A&M University has two component units – The Alabama A&M University Foundation, Inc. and the Trust for Educational Excellence at Alabama A&M University. For Athens State University, the Athens State University Foundation is a component unit.

Complete financial statements for the universities which are audited by other auditors may be obtained at the following addresses: Chief Fiscal Officer, University of South Alabama, Business Office AD 380, Mobile, AL 36688-0002; Office of the Vice President for Business and Finance, Alabama A&M University, P.O. Box 369, Normal, AL 35762; Vice-President for Financial Affairs, University of Alabama at Tuscaloosa, P.O. Box 870136, Tuscaloosa, AL 35487-0136; Office of Accounting and Financial Reporting, The University of Alabama in Huntsville, 301 Sparkman Drive, Huntsville, AL 35899; Vice President for Financial Affairs and Administration, University of Alabama at Birmingham, AB 1030, 1530 3rd Avenue South, Birmingham, AL 35294-0110; Director of Financial Reporting, Auburn University, 321 Ingram Hall, Auburn University, AL 36849-5161; Comptroller, Station 6061, University of Montevallo, Montevallo, AL 35115-6000; Vice President for Business and Finance, Alabama State University, 915 S. Jackson Street, Montgomery, AL 36104; Vice President for Financial Affairs, Athens State University, 300 North Beaty Street, Athens, AL 35611; Vice President for Administrative and Business Affairs, Jacksonville State University, 700 Pelham Road North, Jacksonville, AL 36265-1602; Comptroller, University of West Alabama, 100 US-11, Livingston, AL 35470; Controller, University of North Alabama, UNA Box 5003, Florence, AL 35632-0001; Senior Vice-Chancellor Finance and Business, Troy University, Rm 241 Adams Administration Building, Troy, AL 36082.

The Alabama Institute for the Deaf and Blind (AIDB) is an educational institution governed by a fourteen-member board, twelve of whom are appointed by the Governor. The Alabama Institute of Deaf and Blind Foundation, Inc. is a component unit of AIDB and is included in the amount reported.

The Marine Environmental Sciences Consortium provides educational programs in marine sciences for the graduate and undergraduate level and conducts research in marine sciences. The board of directors is composed of the chief executive officers of the member institutions.

The U.S.S. Alabama Battleship Commission consists of eighteen members appointed by the Governor. The Commission operates a memorial park centered near the historic battleship.

The fourteen-member board of directors of the Housing Finance Authority is appointed by various state officials. The Authority sells bonds and uses the proceeds to make it possible for lenders to make low interest rate mortgages available to low income home buyers. The primary government does not affect the Authority's budget, but the legislature has historically limited the Authority's ability to

issue bonds. Audited financial statements may be obtained from the Authority, P.O. Box 230909, 2000 Interstate Park Drive, Suite 408, Montgomery, AL 36123-0909.

The Alabama Historic Ironworks Commission operates an historic park based on one of the State's early ironworks. Fourteen of the eighteen members of the commission are appointed by the Governor. Part of the Commission's budget is subject to State control.

The Space Science Exhibit Commission operates the Alabama Space and Rocket Center along with the Space Camp. All eighteen members of the Commission are appointed by the Governor and part of the Commission's budget is subject to State approval. Audited financial statements may be obtained from the Commission at the Alabama Space and Rocket Center, P. O. Box 070015, Huntsville, AL 35807-7015.

The Alabama International Airport Authority was created to develop an international airport in the State. The State controls the appointment of only five of the ten members. All funding for the Authority was historically through the General Fund, so the Authority is subject to full budgetary control. The Authority has received no funding for a number of years and is currently inactive.

The Historical Commission is responsible for the preservation of historic sites, buildings, and objects. The twenty-member Commission is not controlled by the State, but the Commission's budget is subject to State control.

The Choctawhatchee Pea and Yellow Rivers Watershed Management Authority develops and executes plans for water conservation and usage, flood control and prevention, water pollution control, wildlife habitat protection, and erosion control within the boundaries of the Authority. The directors of the Authority are elected by local residents, but the Authority is subject to State budgetary control.

The Agricultural Museum Board exists to preserve and exhibit agricultural artifacts. The Board is not controlled by the State, but it is subject to State budgetary control.

The Music Hall of Fame operates a public exhibit displaying music memorabilia in honor of Alabamians who have made a lasting contribution to music. The Hall has both an independent board and is fiscally independent of the State. The Hall is included in these financial statements because it would be misleading to exclude. The State has some limited budgetary influence and the State funded the construction of the Hall's facilities with a general obligation bond issue.

The Historic Blakeley Authority preserves the historic site of the town of Blakeley and operates a park on the site. The Authority has both an independent board and is fiscally independent of the State. The Authority is included in the reporting entity because the State has some limited budgetary influence and the State provides the majority of the Authority's funding.

The Agricultural Development Authority promotes development of agriculture in the State by making low interest loans available to persons engaged in agricultural operations. The seven-member board is made up of three state officials and four other persons appointed by the State.

The Red Mountain Greenway and Recreational Area Commission is responsible for preserving, restoring, and promoting as a greenway, recreational area, or historic site certain land in Birmingham which played an important role in the steel industry of the State. The fifteen member Commission is not controlled by the State, but the Commission is fiscally dependent on the State.

4. Fiduciary Component Units

Component units that are fiduciary in nature are required by GAAP to be reported with the fiduciary funds of the primary government rather than as discretely presented component units. In accordance with GAAP, primary government fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements.

The Employees' Retirement System (ERS), a discretely presented component unit, operates several pension (and other employee benefit) trust funds for the benefit of state and local governmental employees. The ERS is governed by a thirteen-member board of control, seven of whom are either primary government officials or appointees of the Governor.

The Teachers' Retirement System (TRS), a discretely presented component unit, operates a pension plan for the benefit of all employees of public education institutions throughout the State. It is governed by a fourteen-member board, ten of whom are elected from among the member employees. The administrative budget of TRS is subject to approval by the State. Audited financial statements for the TRS and ERS may be obtained from the RSA at 201 South Union Street, P.O. Box 302150, Montgomery, AL 36130-2150.

5. Excluded Organizations

Other entities have been examined but failed to meet the criteria for inclusion in the State's reporting entity. City and county boards of education are legally separate organizations whose boards are not controlled by the State. They are fiscally dependent on both the State and local government. It is more appropriate that they be included in a local government's reporting entity.

The Elk River Development Agency, Bear Creek Development Authority, Cahaba Trace Commission, and North Alabama Agriplex Board are legally separate organizations whose boards are not controlled by the State nor are they fiscally dependent on the State. All four of these organizations are excluded. The many local soil and water conservation districts are legally separate organizations which have independent boards and are fiscally independent. In keeping with their independence, they are excluded from this report.

6. Sources of Information

The majority of state organizations, whether primary government or component unit, conduct their financial operations from the State Treasury through the State's central accounting system under the supervision and review of the State Comptroller, State Treasurer, and State Auditor. The source of information on these agencies is the State's central accounting system. For these agencies, the recording of cash, warrants payable, encumbrances, salaries payable, compensated absences, most investments, most short-term payables, most revenues, and most expenditures/expenses are controlled by the State Comptroller and/or the State Treasurer and are therefore subject to extensive scrutiny. Accruals of revenues, a few accruals of expenditures/expenses, and all other accounts, such as depreciation, capital assets, inventories, and capital leases, generally are based on data provided by the individual agencies. The data provided by the agencies are reviewed and recorded once a year and are believed to be materially correct even though they are not generally subject to extensive scrutiny by the State Comptroller, State Treasurer, or State Auditor.

There are some organizations and funds which meet the criteria for inclusion as part of the reporting entity even though they have the authority to conduct their financial operations through bank accounts and accounting systems outside the State Treasury, independent of the direct daily control of the State Comptroller, State Treasurer, and State Auditor. These non-Treasury agencies are included in the financial statements based on information provided to the State Comptroller once a year by the agency or the agency's auditors. Whenever possible, the non-Treasury agencies are reported as they appeared in the information submitted to the State Comptroller. However, corrections or modifications have been made whenever required to comply with generally accepted accounting principles or wherever necessary to ensure consistent statewide report presentation.

The following non-Treasury agencies and funds are included in this report:

a. Primary Government

- Alabama College Education Savings Trust Fund
- Alabama Community College System
- Alabama Deferred Compensation Plan
- Alabama Health Insurance Plan
- Alabama Industrial Development Training Institute
- Alabama School of Fine Arts
- Alabama State Port Authority
- Alabama Fire College
- Alabama Technology Network
- Attorney General Outside Accounts
- Aviation Hall of Fame
- Blind Vendors Fund
- C.C. Smith Trust Fund
- Cahawba Advisory Committee
- Charlotte Thorn Endowment Fund
- Corrections Bank Accounts and Agency Funds
- Corrections Canteen Funds
- Court System Local Accounts
- Dental Examiners Board
- Dental Scholarships Awards Board
- Department of Human Resources Local Funds
- Educational Television Foundation Authority
- Geological Survey Library Revolving Fund
- Gorgas Memorial Board

- Hicks Memorial Endowment Fund
- High School of Math and Science
- Insurance Department Statutory Deposits
- Insurance Department Receivership
- Mary May Eliot Memorial Fund
- Medicaid Agency Lien Account
- Medical Scholarships Awards Account
- Medical Examiners and Licensure Commission
- Men’s Hall of Fame Outside Account
- Military Department Unit Funds
- Motor Sports Hall of Fame
- National Guard Canteen Funds
- Optometry Board
- Optometric Scholarships Awards Board
- Peace Officers' Annuity and Benefit Investment Account
- Pharmacy Board
- Pilotage Commission
- Podiatry Board
- Public Health Care Authority
- Public Health Local Funds
- Public Safety Narcotics Funds
- Sports Hall of Fame Checking Account
- St. Stephens Historical Commission
- State Bar Checking Account
- State Bar Client Security
- State Bar Foundation
- State Port Authority Hourly Pension Plan
- State Port Authority Railway Pension Plan
- Stonewall Jackson Memorial Fund
- Supreme Court Checking Account
- Supreme Court Law Library Checking Account
- Unemployment Compensation Funds
- Victims Services Fund
- W.V. Chambliss Trust Fund
- Wireless 911 Board
- Women's Hall of Fame
- Youth Service Student Accounts and Local Funds

b. Discretely Presented Component Units

- Alabama Agricultural & Mechanical University
- Alabama Drinking Water Finance Authority
- Alabama Historic Ironworks Commission
- Alabama Housing Finance Authority
- Alabama Institute for Deaf and Blind
- Alabama State University
- Athens State University
- Auburn University
- Historic Blakeley Authority
- Crime Victims’ Compensation Fund
- Jacksonville State University
- Marine Environmental Sciences Consortium
- Mental Health Capital Projects - Bank Account
- Music Hall of Fame
- Red Mountain Greenway and Recreational Area Commission

- Space Science Exhibit Commission and Space Science Exhibit Finance Authority
- Troy University
- U.S.S. Alabama Battleship Commission
- University of Alabama in Birmingham
- University of Alabama in Huntsville
- University of Alabama System Office
- University of Alabama in Tuscaloosa
- University of Montevallo
- University of North Alabama
- University of South Alabama
- University of West Alabama
- Water Pollution Control Authority

B. Government-Wide and Fund Financial Statements

1. Government-Wide Financial Statements

Government-wide financial statements include two basic financial statements: the Statement of Net Position and the Statement of Activities. The two statements report the State's governmental activities separately from its business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Fiduciary funds and fiduciary-type component units are excluded from the government-wide financial statements.

The Statement of Net Position presents the reporting entity's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Net Position is reported in three categories:

Net Investment in Capital Assets consists of capital assets less accumulated depreciation, plus capital-related deferred outflows of resources, less capital-related deferred inflows of resources, and less outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Position results when constraints placed on net position are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position consists of net position that does not meet the definition of the two preceding categories.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are reported as general revenue.

2. Fund Financial Statements

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with nonmajor funds being combined into a single column.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

1. Measurement Focus and Basis of Accounting

These financial statements are reported in conformity with generally accepted accounting principles (GAAP) unless otherwise noted on the face of the statement or in the Notes to the Financial Statements. GAAP basis reporting differs considerably in some ways from the budgetary and cash basis accounting under which the State budgets and operates.

a. Accrual Basis

Under GAAP, the government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Agency funds, however, do not have a measurement focus. Revenues are recognized and recorded when earned and expenses are recorded when a liability is incurred for exchange and

exchange-like transactions, regardless of the timing of cash flows. For nonexchange transactions, revenues and expenditures and related assets and liabilities are recognized as required by GASB Statement No. 33, as amended by GASB Statement No. 65. For derived nonexchange transactions, receivables and revenues are recognized when the underlying exchange has occurred. For imposed nonexchange transactions, receivables are recognized when an enforceable legal claim has arisen. Revenues are recognized when resources are required to be used or the first period that use is permitted.

Property taxes are recognized as revenues in the year for which they are levied. For government mandated nonexchange revenues such as grants, GAAP require the recognition of assets, revenues, liabilities, and expenditures when all eligibility requirements have been met. Resources received before time requirements are met, but after all other eligibility requirements have been met, are reported as deferred inflows of resources. Agency funds, fiduciary in nature, do not recognize revenues and expenditures.

Proprietary funds report operating revenues and expenses separately from non-operating items. Operating items generally result from producing and delivering goods and services that are a normal part of the primary business of the fund. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

b. Modified Accrual Basis

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Recognition criteria are different for exchange and nonexchange transactions. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers tax revenues and court settlements to be available if they are collected within sixty days of the end of the fiscal period. Revenues that the State earns by incurring obligations are recognized in the period when all applicable eligibility requirements have been met and the resources are available. The State considers revenues earned by incurring obligations to be available if they are collected within sixty days of the end of the fiscal period.

For exchange and exchange-like transactions in governmental fund financial statements, revenues are recognized when measurable and available to finance operations during the year or if available to liquidate liabilities existing at the end of the year. Expenditures are recognized when the related fund liability is incurred, except for items that are not expected to be liquidated with expendable available resources, such as debt service, the long-term portion of compensated absences payable, and claims and judgments. The State uses sixty days after fiscal year end as the availability criteria for the recognition of revenues in governmental funds.

For nonexchange transactions, revenues and expenditures and related assets and liabilities are recognized as required by GASB Statement No. 33, as amended by GASB Statement No. 65. For income taxes, general sales taxes, utility taxes, insurance premium taxes, general use taxes, gasoline taxes, motor fuels tax, electric public utility tax, and other derived nonexchange transactions, revenues are recognized when the underlying exchange has occurred and the resources are available. For property taxes, business privilege tax, and other imposed nonexchange transactions, receivables are recognized when an enforceable legal claim has arisen. Revenues are recognized when resources are required to be used or the first period that use is permitted and the resources are available. For property taxes, revenues are recognized if received within sixty days; otherwise, deferred inflows of resources are reported. For federal grants and other government mandated nonexchange revenues, assets, revenues, liabilities, and expenditures are recognized when all eligibility requirements have been met and (for revenues) resources are available. Deferred inflows of resources are reported until the revenue becomes available. For reimbursement-type federal grants, eligibility requirements are met when recipients incur allowable costs, not when those costs are submitted for reimbursement.

Material accruals are for income taxes, general sales taxes, utility taxes, insurance premium taxes, general use taxes, gasoline taxes, motor fuels tax, electric public utilities tax, property taxes, business privilege tax, nursing facility tax, pharmaceutical services tax, federal grants, oil and gas royalties, investment sales receivables, and interest.

2. Financial Statement Presentation

a. Major Funds

The State reports six major governmental funds. The **General Fund** is the State's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund. The **Education Trust Fund** accounts for the revenues collected for the support, maintenance, and development of public education in Alabama. General sales and uses taxes, income taxes, and utilities taxes are the primary revenues restricted to this fund. The **Alabama Trust Fund** consists of income from the sale or lease of rights for offshore exploration and drilling for oil and gas off the Alabama coast. Investment income earned on the trust balance is used to support the General Fund, Forever Wild Land Trust, and a variety of capital projects and debt service.

Medicaid accounts for the portion of the Medicaid program that is funded by Federal revenues and Medicaid provider taxes. The **Public Road and Bridge Fund** accounts for funds used to construct and maintain public highways. Revenues in the fund consist of federal revenues, gasoline taxes, and other motor fuel taxes. The **Public Welfare Trust Fund** accounts for the administration of a broad range of social and protective services programs that provide financial assistance to individuals. Revenues restricted to the fund include federal revenues, property taxes, and liquor and wine taxes.

The State reports four major enterprise funds. The **Unemployment Compensation Trust** accounts for the activities of the federal unemployment insurance program including employer contributions, Federal Unemployment Trust advances, and benefit claims to the unemployed. The **State Port Authority** was created to engage in promoting, developing, constructing, maintaining, and operating harbors, seaports, and river ports within the State of Alabama. The **Alabama Community College System** accounts for the revenues and expenses of the State's Community and Technical Colleges, the Alabama Technology Network, and Marion Military Institute. The **Alcoholic Beverage Control Board** was created to control alcoholic beverages through distribution, licensing, and enforcement.

b. Nonmajor Funds
The State reports a number of nonmajor governmental funds, proprietary funds, and fiduciary funds.

Governmental Fund Types:
Special Revenue Funds account for the proceeds of specific revenue resources that are restricted or committed to specified purposes other than debt service or capital projects. Examples include public health, education, and corrections.

Debt Service Funds account for financial resources that are restricted, committed or assigned to expenditure for governmental debt principal and interest.

Capital Projects Funds account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition, construction, and improvement of major general governmental capital assets.

Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry.

Proprietary Fund Types:
Enterprise Funds report the activities for which fees are charged to external users for goods or services such as health insurance.

Internal Service Funds provide goods or services primarily to other agencies or funds of the State, rather than to the general public. Examples include information technology, telecommunications, office building rentals, and the State Motor Pool. In the government-wide statements, internal service funds are included with governmental activities. Eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity on the government-wide financial statements.

Fiduciary Fund Types:
Pension and Other Employee Benefit Trust Funds account for resources that are restricted or held in trust for the members and beneficiaries of the State's defined benefit pension plans, deferred compensation plans, individual retirement accounts, post-employment health care plans, and flexible employees' benefit plans. The defined benefit pension plans include plans for state employees, state police, some city and county employees, teachers, judges, peace officers, state dock employees, and circuit clerks of the courts.

Private Purpose Trust Funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The State's largest private purpose funds are education related for either college tuition benefits or local public schools. There are five endowment funds established by private citizens that the State manages as trustee for local school systems and reports as Local Education Endowments. The Foundation for Local Schools was established so that the Retirement Systems of Alabama can use its investing expertise to get maximum return on investments for numerous small local school foundations and trusts.

Agency Funds report assets and liabilities for deposits and investments entrusted to the State as an agent for others. The State has agency funds that account for some taxes collected, payroll withholdings, child support payments, cash bonds, and other purposes.

D. Fiscal Year

The State fiscal year ends on September 30. One nonmajor component unit, the Alabama Space Science Exhibit Commission, has the power to set its own fiscal year (*Code of Alabama 1975*, Section 41-10-307, as amended). The Commission has set its fiscal year to end on the last Sunday in September. The difference in fiscal years has no material effect on the financial statements.

E. Assets, Liabilities, Deferred Outflows and Deferred Inflows, and Net Position and Fund Balances

1. Cash and Cash Equivalents

Cash and Cash Equivalents, as reported on the financial statements (the government-wide and the fund financial statements), are under the control of the State Treasurer or other administrative bodies as determined by law. The cash in all funds operating from the State Treasury is pooled as treasury cash and invested by the State Treasurer. The State Treasurer has statutory authority to deposit treasury cash in any available bank product in any bank or savings association that is a qualified public depository and that has been designated as a state depository according to law, so long as the bank or savings association agrees to pay interest on the money. Also, the State Treasurer may invest in 1) bonds, notes, or treasury bills of the United States or in obligations of any agency or instrumentality of the United States of America, including but not limited to the Federal Land Bank, Federal Home Loan Bank, Federal National Mortgage Association, Federal Intermediate Credit Bank, banks for cooperatives, Resolution Trust Corporation, or any of its other agencies, or in any other obligations guaranteed as to principal and interest by the United States, or in money market mutual funds which invest solely in securities otherwise authorized by law; 2) obligations of the United States or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself; and 3) commercial paper with the highest quality credit rating at the time of purchase and in banker's acceptances. All of the cash and investments in the State Treasury cash management pool are reported as cash and cash equivalents because the pool is used essentially as a demand deposit account. Commercial paper is reported as an investment regardless of the original maturity date. For funds operating outside the State Treasury, cash and cash equivalents generally include demand deposit accounts, petty cash accounts, and short-term, highly liquid investments with a maturity date of three months or less when purchased.

2. Receivables

In the government-wide and governmental fund financial statements the largest receivables are amounts due from other governments. More than half is due from local governments, primarily for long term loans made by the Alabama Public School and College Authority. The rest consists of grants and reimbursements due from the federal government where collectability is reasonably assured. All receivables are recorded net of allowance for uncollectible accounts.

The second largest receivables are taxes receivable, the largest of which are for income taxes, general sales taxes, utility taxes, insurance premium taxes, general use taxes, gasoline taxes, motor fuels taxes, oil and gas production privilege tax, and property taxes as required by GASB Statement 33.

The property tax calendar for the State is simple. The levy date, the assessment date, and the lien date are all the same date – October 1. On October 1, the assessed value of all property is multiplied by the applicable rates to levy the property tax. On that date, the State has a lien (a legal claim) against the property. The property tax is not due until October 1 the following year. The property tax is paid in arrears between October 1 and December 31. After December 31, it is delinquent.

The most significant Accounts Receivable is recorded in the Alabama Trust Fund for oil and gas royalties earned on natural gas produced in Alabama's offshore waters. The primary government has minimal amounts of Notes and Loans Receivable; as such agreements would constitute an illegal extension of credit by the State for any fund operating from the State Treasury. Investment Sales Receivable consists of amounts receivable for investments sold but the transaction was not settled before year-end.

For component units, the largest portion of Mortgages, Notes, and Loans Receivable consists of loans made by the Alabama Housing Finance Authority. The mortgage loans of the Authority are carried at their unpaid principal balances less an allowance for loan losses. Also included in this category are student loans owed to various Universities. The loans are reported net of an allowance for uncollectible loans.

Due from Other Governments as reported for the component units consists almost entirely of amounts owed by local governments. Most of the amount consists of loans made to local governments by the Water Pollution Control and Drinking Water Finance Authorities. Accounts Receivable as reported for the component units are comprised primarily of amounts owed to universities.

3. Interfund Activity and Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported as either Due To Other Funds or Due From Other Funds. Any residual balances outstanding between the governmental activities and

business-type activities are reported in the government-wide financial statements as Internal Balances. Receivables and payables involving fiduciary funds are presented as accounts payable or receivable on the government-wide Statement of Net Position.

Eliminations have been made to minimize the double-counting of internal activity, including internal service fund type activity on the government-wide financial statements. However, interfund services, provided and used between different functions, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Transfers between governmental and business-type activities are reported at the net amount on the government-wide financial statements.

In the fund financial statements, transactions for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures/expenses of the disbursing fund. Reimbursements of expenditures/expenses made by one fund for another are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the reimbursed fund. Transfers represent flows of assets between funds of the primary government without equivalent flows of assets in return and without a requirement for payment.

4. Inventories

Inventories of supplies in governmental fund financial statements are reported at cost using the purchases method. An inventory asset account is reported on the balance sheet with an offset to Nonspendable Fund Balance. Inventories of materials and supplies on proprietary fund financial statements are determined by both physical counts and through perpetual inventory systems and are valued at the lower of cost or market. Valuation methods used on the proprietary and governmental fund financial statements include first-in first-out, average cost, weighted average, and retail inventory method.

5. Investments

Investments as reported on the Statement of Net Position include long-term investments. As required by GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", most investments are recorded at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Short-term investments are reported at cost, which approximates fair value. Mortgage-backed securities are reported based on future principal and interest payments discounted at the current interest rate for similar instruments. The fair value of real estate investments held by pension plans and endowments is based on independent appraisals. Real estate investments held by Risk Management, an internal service fund, are reported at cost less accumulated depreciation and less an allowance for any impairment in value. No investments are recorded at amortized cost.

6. Restricted Assets

Assets required to be held and/or used as specified in bond covenants, other debt agreements, donor specifications, and court settlements have been recorded as "Restricted Assets." These assets consist primarily of cash and cash equivalents, U.S. Treasury obligations, certificates of deposit and mutual funds.

7. Capital Assets

Capital assets, including buildings, land, equipment, intangibles, and infrastructure (e.g., roads and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Most capital assets are defined by the State as assets with an initial cost of at least $5,000 and have initial useful lives extending beyond a single reporting period. Software and other intangibles must have an initial cost of at least $100,000. Capitalized assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvements Other than Buildings	25
Equipment	5-12
Software	10

Land, infrastructure, construction in progress and historical artifacts are not depreciated. The State has elected to apply the modified approach to accounting for infrastructure (e.g., roadways, bridges, and tunnels). Under this approach, the infrastructure assets are not depreciated because the State is committed to maintaining the assets at a minimum condition level that the Department of Transportation (ALDOT) has determined to be adequate to meet the needs of the citizens. Costs for maintenance and preservation are expensed in the period incurred. Additions and improvements are capitalized. The ALDOT maintains an inventory of all infrastructure assets and performs regular condition assessments of those assets to establish that they are in fact being maintained at or

above the condition level established. ALDOT also makes an annual estimate of the cost necessary to maintain and preserve those infrastructure assets at the target condition level. The cost of infrastructure reported includes historical costs from 1980 to the present as required by GASB Statement No. 34 as well as historical costs preceding 1980.

Extensive project documentation is required to meet various Federal and State guidelines concerning the construction of infrastructure. The completeness of this documentation affects the timing of project capitalization. The State capitalizes road and bridge infrastructure annually when all costs for a project are incurred and all project documentation is satisfactorily completed, filed and accepted with the appropriate entities. Projects that meet the cost and documentation criteria are closed and appropriate entries are made to adjust the Infrastructure Construction in Progress and Infrastructure asset accounts annually. Due to the documentation requirements, there can be substantial time lags between the date a project is put into service on the State's roadway network and the date the project is capitalized. A significant portion of Infrastructure Construction in Progress consists of projects that have been put into service and maintenance costs could have been incurred.

8. Compensated Absences

Employees in permanent positions accrue annual leave at a rate of four hours and twenty minutes to nine hours and forty-five minutes semi-monthly, depending upon their length of service. Upon separation from service, an eligible employee is paid for the actual number of annual leave days he has earned, up to a maximum of sixty days, with the amount being computed on the basis of his daily pay rate at time of separation multiplied by the number of days leave due.

Sick leave is accrued at a rate of four hours and twenty minutes semi-monthly. Employees may accumulate up to a maximum of 150 days sick leave. Employees may be compensated for one-half of the maximum accrued sick leave only upon retirement from state service. The employee must have twenty-five years of service or have attained the age of 60 and have ten years of service to be eligible to retire. State Troopers must have twenty-five years of service or have attained the age of 52 and have ten years of service to be eligible to retire. If a state employee in the classified service dies while in active service to the State, the estate of the deceased employee receives a payment of fifty percent of the accrued and unused sick leave, not to exceed 600 hours, which the employee was credited with at the time of his or her death.

The monetary value of accumulated annual and sick leave payable upon termination or retirement is included in the government-wide statement of net position, proprietary fund financial statements, and fiduciary fund financial statements. In the governmental fund financial statements, amounts reported are for unused, matured leave amounts payable to employees whose employment was terminated by September 30. These amounts are paid to the employees during the first month after the end of the fiscal year so those actual payments were used to compute the amount payable. Amounts not payable from expendable available resources (long-term liabilities) are reported in the government-wide Statement of Net Position.

The liability for compensated absences was computed using salary rates effective at fiscal year-end including the employer's share of social security and Medicare taxes payable and represents annual and sick leave earned up to the allowable ceilings. The sick leave is calculated separately for vested and non-vested employees. Sick leave is subjected to an actuarially determined probability multiplier that the employee will remain to retire and collect sick leave. The probability multipliers are as follows:

	Vested	Non-vested
Public Education Employees	85.2%	49.5%
State Employees	79.7	37.1

9. Long-Term Obligations

Long-term debt is recognized as a liability in governmental fund financial statements when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a liability in governmental fund financial statements. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds in the proprietary fund financial statements.

10. Deferred Outflows and Deferred Inflows

Deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources in the current period. Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until then.

11. Net Position and Fund Balances

As discussed previously, net position on the government-wide financial statements and the proprietary fund financial statements are reported in three categories: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position.

Fund balances reported in the governmental fund financial statements are classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either 1) not in spendable form, such as inventory and long term receivables; or 2) legally and contractually required to be maintained intact, such as the principal of a permanent fund. Restricted fund balances have constraints placed on the use of the resources that are either 1) externally imposed by creditors, grantors, contributors, or laws of other governments or 2) imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts constrained by formal action of the State's highest decision-making authority. The authorization should have the consent of both the legislative and executive branches of government. Commitments may be changed or lifted only through an equivalent formal high level action. Commitments are not considered to be legally enforceable by an external party. External parties such as citizens or the judiciary can compel the State through legal action to honor restrictions but not commitments. The State does not have any policy or procedure for establishing committed fund balances and none are reported in these financial statements. Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes. Assigned fund balances include 1) all remaining non-negative amounts reported in governmental funds other than the General Fund and 2) amounts in the General Fund that are constrained by the State's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the State legislature or by its delegation to a State official. The State Finance Department, under the legal authority of the State Finance Director, has established Fiscal Policies and Procedures which enable agency heads to establish assigned amounts. Unassigned fund balance is the residual classification and only the General Fund can report a positive unassigned fund balance. Negative unassigned fund balance can be reported in any governmental fund if expenditures incurred for specific purposes exceeded the amount restricted, committed or assigned to those purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the State's policy to spend unrestricted fund balance before restricted. Unrestricted fund balance is considered spent in the following order: unassigned, assigned, committed.

F. New Accounting Pronouncements

During the current fiscal year, the State implemented the following new accounting pronouncements:

- GASB Statement No. 65: Items Previously Reported as Assets and Liabilities
- GASB Statement No. 66: Technical Corrections – 2012 (an amendment of GASB Statements No. 10 and No. 62)
- GASB Statement No. 67: Financial Reporting for Pension Plans (an amendment of GASB Statement No. 25)
- GASB Statement No. 70: Accounting and Financial Reporting for Nonexchange Financial Guarantees

NOTE 2 - FUND BALANCES/NET POSITION

A. Restricted Net Position

The Government-wide Statement of Net Position reports $7.4 billion of restricted net position for the primary government, of which $557,662,000 is restricted by enabling legislation.

B. Restatements

Fund Balances and Net Position as of October 1, 2013 have been restated for prior period adjustments necessary to conform to GAAP. Included in those restatements are differences resulting from the implementation of *Governmental Accounting Standards Board Statement 65 (GASB 65)*. This Statement establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. These reclassifications have no net effect on beginning net position or fund balance. However, GASB 65 also requires that certain items that were previously reported as assets and liabilities be recognized as outflows of resources (expense) or inflows of resources (revenue). These items do have a net effect on beginning net position or fund balance.

The Public Welfare Trust Fund was restated ($35,616,000) for an overstatement of cash and cash equivalents. Nonmajor governmental funds were stated differently by $446,000. That difference consists of ($159,000) because a major fund was reclassified from a special revenue fund to an internal service fund and $605,000 in restatements. The restatements included $572,000 for an

understatement of cash and cash equivalents in Conservation and Natural Resources, a nonmajor special revenue fund, and $33,000 in the Marine, Game and Fish Endowment Fund, a nonmajor permanent fund. The $33,000 consisted of $206,000 for an understatement of investments and ($173,000) for an understatement in payables related to investment purchases.

On the government-wide financial statements, beginning net position for governmental activities were restated from $21,968,082,000 to $21,855,737,000, a decrease of $112,345,000. That amount includes the restatements discussed in the previous paragraph. Also included in this restatement is *GASB 65* restatements of debt issuance costs, previously reported as other assets, in the amount of ($13,396,000) for the government-wide and ($491,000) in internal service funds. Net position was also restated $12,677,000 for an understatement of capital assets. Net position was further restated by an understatement of long-term debt in the amount of ($15,441,000) for the government-wide and ($577,000) in internal service funds. The remaining ($60,106,000) change in governmental activities net position occurred because the State Insurance Fund, a nonmajor fund, was reclassified from internal service fund to enterprise fund.

Beginning net position for business activities was restated from $1,565,079,000 to $1,634,832,000, a change of $69,753,000. The Alabama College System was restated $574,000, consisting of ($1,346,000) for expensing debt issuance costs (other noncurrent assets) per *GASB 65,* $531,000 in capital assets, $722,000 in accounts receivable, and $667,000 in accounts payable. The State Port Authority restated other noncurrent assets in the amount of ($4,634,000) because *GASB 65* requires debt issuance costs to be expensed. Nonmajor enterprise funds were stated differently by $73,813,000, which included $60,106,000 for the State Insurance Fund (SIF) reclassification from internal service to enterprise, along with an additional $13,184,000 for SIF for overstated accounts payable and $465,000 for overstated claims payable. The remaining $58,000 was for the Fire College and Personnel Standards Commission which restated capital assets by $22,000 and current assets by $36,000.

Proprietary fund net position was restated from $1,727,164,000 to $1,735,902,000, an increase of $8,738,000. That amount consists of the $69,753,000 discussed in the previous paragraph along with a change of ($61,015,000) that occurred in internal service funds. The internal service fund restatement consists of ($491,000) in *GASB 65* restatements of debt issuance costs, ($577,000) for an understatement of long-term debt, ($60,106,000) for the reclassification of the State Insurance Fund from internal service to enterprise, and $159,000 because a nonmajor fund was reclassified from special revenue funds to internal service fund.

Component units were restated from $10,386,995,000 to $10,410,502,000, a change of $23,507,000. Of the total change, ($7,367,000) was for *GASB 65* restatements. The Housing Finance Authority, a major component unit, was restated $6,449,000 for *GASB 65* while non-major component units were restated for *GASB 65* by ($13,816,000). The Housing Finance Authority restatement consisted of ($2,000,000) for debt issuance costs, previously reported in other assets, and $8,449,000 for commitment fees, previously reported in unearned revenue. The following nonmajor component units restated other assets because GASB 65 requires debt issuance costs to be expensed: Jacksonville State University for ($2,184,000), Space Science Exhibit for ($321,000), West Alabama University for ($2,181,000), Alabama State University for ($6,662,000), Alabama A&M University for ($542,000), University of Montevallo for ($633,000), Troy State University for ($1,142,000) and Athens State University for ($151,000).

Nonmajor component units were restated by $30,874,000 for reasons not related to *GASB 65*, Alabama A&M was restated $30,815,000 in order to include Alabama A&M's Foundation and Trust as well as adjustments to capital assets. Alabama State University was restated ($2,691,000) for adjustments to capital assets and pledged receivables, and the University of West Alabama was restated $2,567,000. The remaining balance includes an adjustment of $671,000 for capital assets for Historical Commission, ($638,000) for Troy University for deferral of loss on bond, $318,000 for adjustment for unearned revenue and accounts payable for Alabama Institute for Deaf and Blind, $297,000 for Marine Environmental Sciences for depreciation adjustments, ($137,000) for Athens State University for adjustments to current assets, ($239,000) for Red Mountain for an overstatement of cash, ($38,000) for Water Pollution Control Authority for an adjustment to cash and cash equivalents, and ($51,000) for Drinking Water Finance Authority for an adjustment to cash and cash equivalents.

Pension and Other Employee Benefit Trust Funds were restated $10,674,000. The Retired State Employees' Health Care Trust was restated $10,566,000 for federal on-behalf contributions receivable and accounts receivable. The remaining $108,000 restatement was for a small pension fund not previously reported.

C. Fund Balance/Net Position Deficits

1. Primary Government

The Medicaid Fund, a major governmental fund, had a deficit unassigned fund balance of $78,141,000. The deficit is the result of the accrual of claims outstanding at September 30, 2014. The expense is recognized in fiscal year 2014 along with a receivable for the federal share of the claims. The State matching money will not be available until fiscal year 2015 when the claims are paid.
Other Capital Projects, a non-major fund, had a deficit of $251,000 because one fund has short term liabilities in excess of assets.

The Alcoholic Beverage Control Board, a major proprietary fund, had a deficit in unrestricted net position of $34,242,000 with a total net position deficit of $30,429,000. The deficits are largely due to the accrual of liabilities for compensated absences, salaries payable, other post-employment benefits, and profits currently due to other funds. The Board, by law, operates on a cash basis and is required to distribute 100 percent of its profits as transfers to other funds.

The Flexible Employees' Benefits Board, an Other Employee Benefit Trust Fund, had deficit net position of $251,000. The Board owes the State Employees' Insurance Board, a major component unit, $1,000,000. The Board also has liabilities to employees for health care and dependent care reimbursements. The fund does not break even on those employee liabilities until the end of December because benefits are paid out on a calendar year basis.

2. Component Units
Water Pollution Authority, a nonmajor component unit, had a deficit in unrestricted net position of $903,000 but a positive balance in net position of $409,540,000.

Drinking Water Finance Authority, a nonmajor component unit, had a small deficit in unrestricted net position of $302,000 but a positive balance in overall net position of $203,420,000.

Alabama Agricultural and Mechanical College, a nonmajor component unit, had a small deficit in unrestricted net position of $915,000 but a positive balance in overall net position of $123,489,000.

The Space Science Exhibit Commission, a nonmajor component unit, had a deficit in unrestricted net position of $5,595,000 and positive overall net position of $32,478,000. Nearly all of the Commission's assets are either restricted or capital assets.

The Historic Ironworks Commission, an other nonmajor component unit, had a deficit in unrestricted net position of $290,000 created by the accrual of other post-employment benefits. However, the fund had a positive balance in overall net position of $2,450,000.

D. Governmental Fund Restricted Fund Balances

(Amounts in Thousands)

Economic Development and Regulation	
Economic Development Incentives	$ 200,970
Economic Regulation Programs	54,162
Total Economic Development and Regulation	255,132
Education and Cultural Resources	
Alabama Public School and College Authority	231,768
Local Schools	44,285
Industrial Training	54,053
Other	57,075
Total Education and Cultural Resources	387,181
Natural Resources and Recreation	
Department of Conservation	49,618
Forever Wild Land Trust	17,872
Forever Wild Stewardship	29,062
Other	8,115
Total Natural Resources and Recreation	104,667
Health	
Health Department	59,821
Medicaid	15,645
Mental Health	40,106
Environmental Management	47,960
Other	5,382
Total Health	168,914
Social Services	
Department of Human Resources	65,763
Rehabilitation Services	22,840
Veterans	107,411
Employment Security	17,157
Other	7,607
Total Social Services	220,778
Protection of Persons and Property	
Professional and Occupational Licensing	52,603
Department of Public Safety	37,333
Agricultural Products Oversight	17,216
Correctional Programss	20,422
Emergency Management	11,898
911 Service	7,294
Other	68,107
Protection of Persons and Property	214,873
Transportation	
Highway Equipment Replacement	41,758
State Roads and Bridges	375,475
Local Government Transportation Programs	22,344
Airfields	12,551
Total Transportation	452,128
General Government	
County and Municipal Capital Improvements	453,549
Judicial System	18,699
Local Government Programs	18,933
Revenue Department	21,734
Other	132,268
Total General Government	645,183

E. Education Trust Fund Budget Stabilization Fund

Act 2011-003 created an Education Trust Fund Budget Stabilization Fund. This fund will generally be used to reduce any future proration in the Education Trust Fund (ETF). After the Education Trust Fund Rainy Day Account within the Alabama Trust Fund has been repaid in full, the ETF Budget Stabilization Fund will receive money when the ETF has revenues in excess of an appropriation cap defined in the Act. The cap is the sum of recurring revenues deposited into the ETF in the last completed fiscal year preceding the calculation year adjusted up or down by: (1) the average annual percentage change in recurring revenues in the 15 completed fiscal years preceding the date on which the calculation is made; (2) if the percentage growth in the ETF for the last completed fiscal year exceeds the 15 year average growth rate, an amount equal to 40 percent of the growth in the last completed year is added to the cap; (3) up to 95 percent of any new revenue enacted for the ETF; and (4) any nonrecurring revenue. The Finance Director and the Legislative Fiscal Officer must certify their computation of the cap at the same time as the certification required by Amendment 803 to the Constitution of Alabama of 1901 (prior to the third day of each Regular Session). The Legislature may appropriate from the ETF Budget Stabilization Fund an amount equal to the difference between the preceding fiscal year's total appropriations from the ETF and the cap. Except as provided in the previous sentence, amounts in the ETF Budget Stabilization Fund may be withdrawn only to prevent proration in the ETF. The Governor must certify to the State Comptroller and notify the Legislature that proration would occur in the ETF before funds may be withdrawn. The ETF Budget Stabilization Fund has a zero balance at the end of fiscal year 2014 because revenues in excess of the appropriation cap are being used to repay the ETF Rainy Day Account.

NOTE 3 - ASSETS

A. Cash Deposits

The State Treasurer has statutory authority to deposit treasury cash in any available bank product in any bank or savings association that is a qualified public depository and that has been designated as a state depository according to law.

Bank deposits of both the primary government and its component units are entirely insured by Federal depository insurance or protected under the Security for Alabama Funds Enhancement (SAFE) Program. The *Code of Alabama 1975,* as amended, requires all State organizations, including component units, to deposit monies in a bank that participates in the SAFE Program. The SAFE Program is a multiple financial institution collateral pool. The SAFE Program requires State treasury cash to be deposited in a financial institution designated by the State Treasurer as a qualified public depository. Each qualified public depository is required to pledge collateral in accordance with the rules established by the SAFE Board of Directors. In the event that a qualified public depository defaults or becomes insolvent and the pledged collateral is insufficient to satisfy the claims of public depositors, the *Code of Alabama 1975,* Section 41-14A-9(3) authorizes the State Treasurer to make assessments against the other qualified public depositories in the pool so that there will be no loss of public funds. Also, all other public funds not managed by the State Treasurer are required to be deposited in a qualified public depository or placed through a qualified public depository which arranges for the funds to be deposited in federally insured banks or savings associations so that the funds and accrued interest earned on them are fully insured by the Federal Deposit Insurance Corporation and, at the same time, the qualified public depository receives or is credited with deposits from other banks or savings associations in an amount equal to or greater than the amount it arranged to be deposited in other banks and savings associations.

B. Investments

Investments are made in accordance with the statutes creating the various agencies of the State of Alabama. The following describes the investments made by the major investing agencies of the State:

1. Primary Government

State Treasurer - The State Treasurer may legally invest state funds in 1) bonds, notes, or treasury bills of the United States or in obligations of any agency or instrumentality of the United States of America, including but not limited to the Federal Land Bank, Federal Home Loan Bank, Federal National Mortgage Association, Federal Intermediate Credit Bank, banks for cooperatives, Resolution Trust Corporation, or any of its other agencies, or in any other obligations guaranteed as to principal and interest by the United States, or in money market mutual funds which invest solely in securities otherwise authorized by law; 2) obligations of the United States or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself; 3) commercial paper with the highest quality credit rating at the time of purchase and in banker's acceptances; and 4) interest earning bank deposits.

Alabama Trust Fund – Investments are limited to those authorized by law for the Retirement Systems of Alabama. The investments authorized for the Retirement Systems are described later in this section.

Prepaid Affordable College Tuition (PACT) Program - The State is responsible for the management of the investments of the PACT program, although the investments are not property of the State. The funds may be invested in any instrument, obligation, security or property that constitutes legal investments for investment of public funds in the State, including legal investments of the State Treasurer and the Alabama Trust Fund that are deemed most appropriate by the PACT Board.

Alabama College Education Savings (ACES) Plan – The Board of Trustees administers the program. The Board of Trustees has entered into a contract with UBT 529 Fund Services (Union Bank), a division of Union Bank and Trust Company. Union Bank is the Program Manager and the Board of Trustees has delegated day to day administration to the State Treasurer. The investment alternatives are made available through investment portfolios each of which represents a separate, segregated portfolio of investments in mutual funds.

2. Fiduciary Funds

Retirement Systems of Alabama (RSA) - The RSA administers the Teachers' Retirement System (TRS), Employees' Retirement System (ERS), and Judicial Retirement Fund (JRF). RSA may invest in any types of investments that the Board of Control of each individual system approves. Each Board is limited only by the "Prudent Man Rule" which requires it to use due care, skill, prudence, and diligence under the prevailing circumstances that a prudent man acting in a like capacity and familiar with such matters would use in investing.

Deferred Compensation Plan (RSA-1) – A deferred compensation plan is administered by the Retirement Systems of Alabama (RSA). The plan is named the Public Employees' Individual Retirement Account/Deferred Compensation Plan, and is commonly referred to as RSA-1. By law, RSA-1 investments are made under the same rules, regulations, conditions, and guidelines governing the RSA.

3. Component Units

Alabama Housing Finance Authority - The Authority is authorized to invest in bonds or other obligations issued or guaranteed by the U.S. Government, or any agency thereof, or the State of Alabama. In addition, the Authority may invest in interest-bearing bank and savings and loan association deposits, any obligations in which a State-chartered savings and loan association may invest its funds, any agreement to repurchase any of the foregoing, or any combination thereof. Each of the trust indentures established under the Authority's mortgage revenue bond programs contain further restrictions on the investment of non-expended bond proceeds; however, each trust indenture must be consistent with the Authority's authorizing legislation with respect to the definition of eligible investments. The Authority's program investments consist of Government National Mortgage Association (GNMA) or Federal National Mortgage Association (FNMA) pass-through certificates, all of which are pledged as security for the mortgage revenue bonds.

Other investments include temporary and debt service reserve funds established under the provisions of various trust indentures, and investments of the Authority's general and housing assistance funds.

Investments Made by Colleges and Universities - The colleges and universities invest funds in accordance with the applicable limits set forth in the gift instruments, Board of Trustees guidelines, or other applicable laws. Certain bond indentures require that the bond funds invest all amounts in federal securities or eligible certificates. In accordance with GASB Statement No. 31, most investments are stated at fair value.

The State's investments at September 30, 2014, are as follows:

Investment Types and Fair Value
(Amounts in Thousands)

Investment Types	Governmental Activities	Business-Type Activities	Fiduciary Funds (including Fiduciary Component Units)	Discretely Presented Component Units
U S Treasury Strips	$ 29,367	$ 2,080	$ 78	$ 1,669
U S Government Guaranteed Securities	670,605	14,812	1,598,770	830,130
U S Agency Securities	383,430	20,943	466,535	693,948
State and Local Government Securities	11,332	270	9,100	27,707
Mortgage Backed Securities	459,082	686	881,771	526,389
Commercial Paper	38,792	-	1,028,589	87,596
Corporate Bonds	455,383	4,628	2,507,951	375,421
Private Placements	5,650	-	3,453,850	273,288
Repurchase Agreements	357,867	13,335	-	603
International Bonds	8,095	-	-	219,221
Bond Mutual Funds	22,434	556	745,492	877,247
Domestic Equities	1,047,594	26,943	18,986,313	489,933
International Equities	473,392	607	4,511,179	16,204
Other Mutual Funds	11,973	23,110	887,255	2,015,610
Real Estate	111,420	9,982	3,116,042	322,060
Commingled Funds	-	-	-	48,794
Derivative Instruments	-	-	-	1,180
Guaranteed Investment Contracts	62,131	-	247,226	20,371
	$ 4,148,547	$ 117,952	$ 38,440,151	$ 6,827,371
Reconciliation to the Government-wide Statement of Net Position and Statement of Fiduciary Net Position				
Investments Per Investment Note	$ 4,148,547	$ 117,952	$ 38,440,151	$ 6,827,371
Certificates of Deposit †	2,132	89,536	751	48,838
Money Market Accounts - Savings †	432,528	31,513	12,902	294,088
Other Cash Equivalents †	(732,350)	3,756	(82,075)	(130,525)
Investments Classified as Restricted Assets †	(3,101)	-	-	-
Repurchase Agreements ††	(357,868)	-	-	-
Foundations and pooled investments §	-	-	-	(48,166)
Investments per Statements	$ 3,489,888	$ 242,757	$ 38,371,729	$ 6,991,606

† Investment types not required to be presented in the investment credit note.

†† Short-term repurchase agreements are included as cash equivalents; however these investments are subject to investment risk disclosures.

§ University foundations follow the investment reporting requirements of the FASB and are not subject to GASB disclosure requirements. For this reason some of the investment information is not available. Also, investments of affiliated entities are included in an investment pool. The investment information that is available is being disclosed.

C. Investment Risks

1. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Nationally recognized statistical rating organizations provide ratings of debt securities quality based on a variety of factors, such as the financial condition of the issuers, which provide investors with some idea of the issuer's ability to meet its obligations.

The ratings of the State's investments as of September 30, 2014 are presented below.

Ratings of Fixed Maturities (Amounts in Thousands)

Moody's	Standard & Poor's	Governmental Activities	Business-Type Activities	RSA Fiduciary Component Units	Other Fiduciary Funds	Component Units
Aaa		$ 1,148,554	$ 26,539	$ 1,869,739	$ 944,375	$ 1,189,221
	AAA	7,920	-	-	249,373	166,989
Aa1		8,939	5	30,663	87,108	8,640
	AA+	1,672	-	-	-	-
Aa2		13,733	926	19,265	11,239	4,504
	AA	2,418	-	-	1,785	147,248
Aa3		21,164	790	53,286	12,103	710
	AA-	9,255	-	-	1,500	-
Aa		-	-	-	333	2,272
A1		24,097	1,002	140,512	60,364	24,041
	A+	3,184	-	-	-	-
A2		36,758	1,143	131,108	54,473	17,346
	A	11,519	113	-	7,900	181,865
A3		38,382	635	247,789	85,868	6,199
	A-	14,124	-	-	1,028	-
A		-	-	-	1,113	-
P1		1,000	-	268,112	146,883	7,999
P2		37,792	-	761,670	175,427	79,497
Baa1		48,326	41	401,617	157,060	12,277
	BBB+	24,353	-	-	-	-
Baa2		70,796	365	477,268	159,433	11,815
	BBB	5,951	-	-	862	107,776
Baa3		31,470	10	112,195	53,101	4,606
	BBB-	8,346	-	-	-	-
Baa		-	-	-	321	-
Ba		-	51	-	-	-
Ba1		22,398	-	43,194	19,377	2,079
	BB+	2,308	-	-	-	-
Ba2		3,870	-	17,443	8,140	937
	BB	681	-	-	-	29,701
Ba3		11,953	-	20,530	6,110	142
	BB-	25,723	-	-	-	-
B1		5,165	-	-	344	-
	B+	47,677	-	-	-	-
B2		4,156	-	-	22	-
	B	857	-	-	3,557	9,143
B3		5,213	-	-	30	-
	B-	403	-	-	25	-
B		-	-	-	-	866
Caa1		1,721	-	-	9	-
	CCC+	32	-	-	-	-
Caa2		1,019	-	10,203	3,349	133
	CCC	655	-	-	-	-
Caa3		2,199	-	-	1,296	-
	CC	116	-	-	-	-
Ca		1,065	-	-	254	-
	C	-	-	-	-	2,687
C		344	-	-	-	-
	D	1,441	-	-	26	-
U S Govt Guaranteed Securities §		696,038	7,751	12,145	95,562	720,949
Not Rated †		37,250	17,939	3,491,346	481,527	920,661
		$ 2,442,037	$ 57,310	$ 8,108,085	$ 2,831,277	$ 3,660,303

§ U S Govt rated Aaa (Moody's) and AA+ (Standard & Poor's)

† Consists primarily of private placements and bond mutual funds that are not rated.

The investments allowed for Treasury monies are U.S. government or agency securities, repurchase agreements backed by U.S government or U.S. government agency securities, or mutual funds investing in U.S government or U.S. government agency securities. The U.S. government and U.S. government agency securities are rated Aaa or AA+. Bond mutual funds may or may not be rated.

As mentioned earlier the investments of the Alabama Trust Fund are limited to those authorized for the Retirement Systems of Alabama. Domestic fixed-maturity investments may consist of rated or non-rated securities. International fixed-maturity investments may consist of securities with a rating of at least A by one of the principal rating agencies at the time of purchase or acquisition, except that up to 2 percent of the fair value of each System's total portfolio may be invested in obligations of sovereign countries with a rating of BBB or BAA at the time of purchase. The Systems may hedge against the possible adverse effects of currency fluctuations on each System's portfolio of international fixed income obligations when it is considered appropriate. Short-term investments may consist of commercial paper rated at least A-2 and/or P-2, repurchase agreements, short-term U.S. securities, and other money market investments.

2. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of those investments. The Treasurer's Office investment guidelines state that the maximum effective maturity of any purchase will be five years. Market accepted average life at time of purchase shall be used in lieu of final maturity for the purpose of maturity acceptability of mortgage-backed securities. Average effective duration should be plus or minus 30 percent of the index duration. The majority of the portfolio is benchmarked against the Barclays Capital 1 - 3 Year Government Index.

The fair value of fixed-maturity investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair value of those instruments. The fair value of interest sensitive instruments may also be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, and other general market conditions. Certain fixed maturity investments have call provisions that could result in shorter maturity periods.

The investment policy of the Alabama Trust Fund states that the fixed income portfolio's average duration is not to exceed 1.5 times that of the benchmark index.

As of September 30, 2014 the State had the following investments and maturities:

Governmental Activities
(Amounts in Thousands)

	Maturity in Years at Fair Value				
Investment Type	**Less Than 1**	**1-5**	**6-10**	**More Than 10**	**Total Fair Value**
U S Treasury Strips	$ 89	$ 29,278	$ -	$ -	$ 29,367
Other U S Government Guaranteed Secur	81,049	522,950	32,022	34,584	670,605
U S Agency Securities	39,461	268,829	7,554	67,586	383,430
State and Local Government Securities	-	2,491	226	8,615	11,332
Mortgage Backed Securities	805	36,528	34,159	387,590	459,082
Commercial Paper	38,792	-	-	-	38,792
Corporate Bonds	21,821	94,709	122,186	216,667	455,383
Repurchase Agreements	357,867	-	-	-	357,867
International Bonds	956	2,318	3,986	835	8,095
Private Placements	-	884	603	4,163	5,650
Bond Mutual Funds	8,728	-	13,706	-	22,434
Total	**$ 549,568**	**$ 957,987**	**$ 214,442**	**$ 720,040**	**$ 2,442,037**

Business-Type Activities
(Amounts in Thousands)

	Maturity in Years at Fair Value				
Investment Type	**Less Than 1**	**1-5**	**6-10**	**More Than 10**	**Total Fair Value**
U S Treasury Strips	$ -	$ 2,080	$ -	$ -	2,080
U S Government Guaranteed Securities	6,005	7,259	1,524	24	14,812
U S Agency Securities	1,019	15,148	3,022	1,754	20,943
State and Local Government Securities	107	163	-	-	270
Mortgage Backed Securities	-	393	93	200	686
Repurchase Agreements	-	13,335	-	-	13,335
Corporate Bonds	1,020	3,386	95	127	4,628
Bond Mutual Funds	42	321	146	47	556
Total	**$ 8,193**	**$ 40,005**	**$ 4,880**	**$ 2,152**	**$ 57,310**

Retirement Systems of Alabama
(Fiduciary Component Units)
(Amounts in Thousands)

	Maturity in Years at Fair Value				
Investment Type	**Less Than 1**	**1-5**	**6-10**	**More Than 10**	**Total Fair Value**
U S Government Guaranteed Securities	$ 112,024	$ 176,718	$ 658,986	$ 49,131	$ 996,859
U S Agency Securities	9,619	186,660	86,638	19,457	302,374
Mortgage Backed Securities	7	17,383	4,394	577,528	599,312
Commercial Paper	841,165	-	-	-	841,165
Corporate Bonds	128,575	891,420	334,285	385,412	1,739,692
Private Placements	6,842	140,053	136,350	3,156,821	3,440,066
Bond Mutual Funds	188,617	-	-	-	188,617
Total	**$ 1,286,849**	**$ 1,412,234**	**$ 1,220,653**	**$ 4,188,349**	**$ 8,108,085**

Other Fiduciary Funds
(Amounts in Thousands)

	Maturity in Years at Fair Value				
Investment Type	**Less Than 1**	**1-5**	**6-10**	**More Than 10**	**Total Fair Value**
U S Treasury Strips	$ 78	$ -	$ -	$ -	$ 78
U S Government Guaranteed Securities	78,231	170,390	329,472	23,818	601,911
U S Agency Securities	8,159	107,960	39,651	8,391	164,161
State and Local Government Securities	250	3,100	2,100	3,650	9,100
Mortgage Backed Securities	896	15,066	4,075	262,422	282,459
Commercial Paper	187,424	-	-	-	187,424
Corporate Bonds	164,865	346,364	126,177	130,853	768,259
Private Placements	2,330	3,824	381	7,249	13,784
Bond Mutual Funds	190,502	212,971	151,664	1,738	556,875
Guaranteed Investment Contracts	247,226	-	-	-	247,226
Total	**$ 879,961**	**$ 859,675**	**$ 653,520**	**$ 438,121**	**$ 2,831,277**

Discretely Presented Component Units (excluding University of Alabama)
(Amounts in Thousands)

	Maturity in Years at Fair Value				
Investment Type	**Less Than 1**	**1-5**	**6-10**	**More Than 10**	**Total Fair Value**
U S Treasury Strips	$ -	$ 257	$ 33	$ 1,378	$ 1,668
Other U S Government Guaranteed Securities	41,155	295,547	48,514	9,247	394,463
U S Agency Securities	6,060	418,548	215,577	53,763	693,948
State and Local Government Securities	-	9,163	2,421	16,123	27,707
Mortgage Backed Securities	3,452	10,159	21,748	347,656	383,015
Commercial Paper	87,496	-	-	-	87,496
Corporate Bonds	9,342	27,008	12,039	9,692	58,081
Repurchase Agreements	603	-	-	-	603
Guaranteed Investment Contracts	-	-	4,465	15,906	20,371
Bond Mutual Funds	182,234	124,224	12,738	-	319,196
Total	**$ 330,342**	**$ 884,906**	**$ 317,535**	**$ 453,765**	**$ 1,986,548**

The University of Alabama discloses the interest rate risk for the System Pool using the effective duration method. The prices of fixed income securities with a longer time to maturity, measured by effective duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. Effective duration is the approximate change in price of a security resulting from a 100 basis point (1 percentage point) change in the level of interest rates. It is not a measure of time. The University does not have a specific policy relative to interest rate risk.

University of Alabama System Pool
(Amounts in Thousands)

Investment Type	Fair Value	Effective Duration
Endowment Fund:		
U S Government Guaranteed Securities	$ 16,427	7.1
Corporate Bonds	32,526	3.8
Commingled Bond Funds	121,884	2.3
Non-U.S. Bonds	4,718	1.5
Prime Fund:		
U S Government Guaranteed Securities	14,061	6.5
Corporate Bonds	25,321	3.8
Commingled Bond Funds	106,721	2.2
Non-U.S. Bonds	3,586	1.5
Intermediate Fund:		
U S Government Guaranteed Securities	356,984	3.2
Mortgage Backed Securities	107,337	0.7
Collateralized Mortgage Obligations	36,038	1.0
Corporate Bonds	243,886	1.9
Commingled Bond Funds	88,968	2.8
Non-U.S. Bonds	86,740	1.5
Total	**$ 1,245,197**	

3. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The investment policy of the Alabama Trust Fund states that the aggregate market value of international equities is limited to 29 percent of the aggregate market value of the total portfolio with a target of 24 percent of the total portfolio. The exposure to emerging market securities shall be limited to 20 percent of the market value of the international portfolio. Not more than 5 percent of the total stock portfolio may be invested in the common stock of any one corporation at the time of purchase and no more than 7 percent in any one corporation at market. Not more than 5 percent of the outstanding shares of any one company may be held by the portfolio. In addition, no more than the lesser of (2 times the sector weight in the index and 40 percent) valued at market may be held in any one economic sector as defined by the MSCI EAFE (Morgan Stanley Capital International Europe, Australasia, and the Far East) index classifications for developed market portfolios and by MSCI Emerging Markets index classifications for emerging markets portfolios.

In order for an international security to be eligible for purchase by the Retirement Systems of Alabama (RSA), the issuing company must be incorporated in a country whose debt securities are eligible for purchase as discussed earlier, and the fair value of the aggregate outstanding equity of the issuing company must be at least $100 million.

The State's exposure to foreign currency risk at September 30, 2014 was as follows:

Deposits and Investments Exposed to Foreign Currency Risk
(Amounts in Thousands)

	Governmental-Type Activities			Business-Type Activities	RSA (Fiduciary Component Units)	Other Fiduciary Funds	Discretely Presented Component Units
	Cash	International Equities	International Bond	International Equities	International Equities	International Equities	International Equities
Australian Dollar	$ 20	$ 10,053	$ -	$ -	$ 293,068	$ 9,525	$ -
Bermudian Dollar	-	-	-	-	-	-	10
Brazilian Real	25	1,329	995	-	-	123	23
British Pound Sterling	90	96,385	-	36	850,015	29,505	85
Canadian Dollar	3	10,135	-	-	-	-	28
Chinese Yuan	-	6	-	-	-	83	43
Danish Krone	-	12,700	-	-	57,397	1,962	21
Euro	238	105,669	-	314	1,152,110	38,762	199
Hong Kong Dollar	34	29,395	-	-	116,659	3,711	19
Indian Rupee	-	4	-	16	-	48	-
Israeli New Shekel	-	1,142	-	-	22,708	691	20
Japanese Yen	-	78,581	-	27	823,419	28,532	51
Mexican Peso	97	736	4,589	-	-	-	8
New Zealand Dollar	502	-	790	-	3,233	98	-
Norwegian Krone	-	1,161	-	-	33,644	1,024	-
Other	-	-	-	214	454,277	18,961	8
Russian Rouble	-	-	-	-	-	-	15
Singapore Dollar	12	1,801	-	-	59,005	1,793	-
South African Rand	-	5	-	-	-	-	-
South Korean Won	-	476	-	-	-	62	-
Swedish Krona	-	8,139	-	-	115,639	3,983	25
Swiss Franc	7	53,891	-	-	369,157	12,553	39
Taiwan New Dollar	-	7	-	-	-	-	9
Turkish Lira	-	3	-	-	-	-	6
Totals	**$ 1,028**	**$ 411,618**	**$ 6,374**	**$ 607**	**$ 4,350,331**	**$ 151,416**	**$ 609**

The disclosure does not include some of the International Securities denominated in U.S. dollars.

4. Custodial Credit Risk

For an investment, custodial credit risk is the risk that an entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counterparty fails.

State Treasurer – The State Treasurer's custodian, Regions Bank, requires that the securities be held in registered form in the name of its nominee. Regions has established one or more accounts on behalf of the State Treasurer in the name of the State Treasurer

Alabama Trust Fund (ATF) – The ATF's custodian, Bank of New York Mellon (BNYM), provides a portion of the custodial services for the ATF. The ATF's custodial credit risk policy authorizes BNYM to hold securities in registered form in the name of its nominee. The policy requires BNYM to establish and maintain one or more securities accounts (book entry system) in which BNYM will hold the securities. These accounts are in the name of the ATF.

Retirement Systems of Alabama (RSA) – The RSA's custodial credit risk policy requires the custodial agent to hold or direct its agents or sub-custodians to hold, for the account of the RSA all securities and other non-cash property other than securities in the Federal Reserve book-entry system, in a clearing agency which acts as a securities depository, or in another book-entry system. The

RSA's safekeeping agent holds all investments of the RSA in the RSA's name with the exception of securities purchased with securities lending cash collateral.

Investments Exposed to Custodial Credit Risk
(Amounts in Thousands)

	Governmental Type Activities	Fiduciary Funds Other Than RSA	Discretely Presented Component Units
U S Treasury Strips	$ -	$ 78	$ -
Other U S Government Guaranteed Securities	12,086	28,765	780
U S Agency Securities	53,457	-	97
State and Local Government Securities	-	9,100	-
Mortgage Backed Securities	677	3,635	381
Corporate Bonds	1,452	950	1,019
Repurchase Agreements	344,051	-	-
Domestic Equities	3,124	-	2,457
International Equities	-	-	65
Total	**$ 414,847**	**$ 42,528**	**$ 4,799**

5. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investments with a single issuer. The State of Alabama has investments in U.S. Government obligations which are disclosed in the tables in this note. Standard & Poor's downgraded the rating of the U.S. Government to AA+, however the Moody's rating is still Aaa.

The investment policy of the Alabama Trust Fund states that the investment portfolio shall be diversified by both asset class and within asset classes, by economic sector and industry. For equity investments, the aggregate investment in equity securities of any one issuing corporation shall not exceed 1 percent of the outstanding capital of such corporation. For fixed income investments, the portfolio is to be diversified so that no more than 15 percent is invested in one industry (does not apply to U.S. government and agency securities), and no more than 5 percent of the total fixed income portfolio may be invested in securities of any one corporation. As of September 30, 2014, there were no investments that exceeded the 5 percent of the total fixed income portfolio limit in any one corporation.

The investment policies of the Retirement Systems of Alabama limit the aggregate amount that can be invested in each class of investments. Domestic fixed income, international fixed income, domestic equity, international equity, and short-term investments are limited to 50 percent, 10 percent, 65 percent, 25 percent, and 20 percent, respectively, of the fair value of each System's aggregate portfolio. Also, each System may not purchase or hold more than 5 percent of any class of the outstanding stock of a foreign company. Real estate and alternative investments are limited to 15 percent and 10 percent, respectively, of the book value of each System's portfolio. As of September 30, 2014, the Teachers' Retirement System (TRS) and Employees' Retirement System (ERS) owned debt and equity securities of Raycom Media Corporation which represented approximately 8.06 percent and 8.86 percent, respectively, of the TRS and the ERS investments.

The Public Education Employees' Health Insurance Board (PEEHIB) owned securities in Noble Corp, FMC Corporation, Hitachi Capital Corporation, Enbridge Energy Partners, and Nabors Industries Ltd. that constituted 26.95 percent, 8.42 percent, 8.42 percent, 6.74 percent, and 6.74 percent, respectively, of the total fair value of investments. PEEHIB's policies regarding concentration of credit risk are the same as RSA's above.

D. Securities Lending

The Teachers' Retirement System (TRS), the Employees' Retirement System (ERS), and the Judicial Retirement Fund (JRF) are authorized by the Boards of Control to participate in a securities lending program. The Alabama Trust Fund (ATF) investment managers are authorized by the Board of Trustees to engage in securities lending under guidelines established by the ATF Board of Trustees. The Retirement Systems of Alabama's (RSA) custodian, State Street Bank and Trust Company (State Street), administers the program for the TRS, ERS, JRF, a portion of the program for the ATF, and some other funds of the State. Certain securities are

loaned to borrowers approved by the RSA for collateral that will be returned for the same type of securities. Approved borrowers of securities provide acceptable collateral in the form of cash (U.S. and foreign currency), any other assets permissible under Rule 15c3-3 under the Exchange Act of 1934, U.S. and non U.S. equities and such other collateral as the parties may agree to in writing from time to time. All security loans are open loans and can be terminated on demand by the lender or borrower. The initial collateral received shall have (depending on the nature of the loaned securities and the collateral received), a value of 102 percent or 105 percent of the fair value of the loaned securities, or such other value, but not less than 102 percent of the fair value of the loaned securities, as may be applicable in the jurisdiction in which such loaned securities are customarily traded. Pursuant to the terms of the applicable securities loan agreement, State Street shall, in accordance with State Street's reasonable and customary practices, mark loaned securities and collateral to their fair value each business day based upon the fair value of the collateral and the loaned securities at the close of the business employing the most recently available pricing information and shall receive and deliver collateral in order to maintain the value of the collateral at no less than 100 percent of the fair value of the loaned securities. The lender cannot pledge or sell collateral securities received unless the borrower defaults.

Cash collateral for TRS, ERS, and JRF is invested in the State Street Quality D Short-term Investments Fund (QDF). Cash collateral administered by State Street for ATF is invested in the State Street Global Securities Lending Trust (GSLT). Cash collateral investments are matured as needed to fulfill loan obligations. As of September 30, 2014, the average term of the loans secured by QDF was 20, 22, and 35 days, respectively for the TRS, ERS, and JRF. As of September 30, 2014, the average term of the loans secured by GSLT was 1 day for the ATF. Cash collateral investments are matured as needed to fulfill loan obligations. There is no direct matching of the maturities of the loans with the investments made with cash collateral. The following describes the QDF's and the GSLT's guidelines. The Investment Manager (State Street Bank) shall maintain the dollar-weighted average maturity of QDF and GSLT in a manner that the Investment Manager believes is appropriate to the objective of each; provided, that (i) in no event shall any eligible security be acquired with a remaining legal final maturity (i.e., the date on which principal must be repaid) of greater than 18 months, (ii) the Investment Manager shall endeavor to maintain a dollar-weighted average maturity of the QDF and GSLT not to exceed 75 calendar days and (iii) the Investment Manager shall endeavor to maintain a dollar-weighted average maturity to final of the QDF and GSLT not to exceed 180 calendar days. At the time of purchase (i) all eligible securities with maturities of 13 months or less shall (a) be rated at least A1, P1 or F1 by at least any two of the following nationally recognized statistical rating organizations: Standard & Poor's Corp. ("S&P"), Moody's Investor Services, Inc. ("Moody's"), or Fitch, Inc. ("Fitch"), or (b) be determined by the Investment Manager to be of comparable quality and (ii) all eligible securities with maturities in excess of 13 months shall (a) be rated at least A-, A3 or A- by at least any two of S&P, Moody's or Fitch, or (b) be determined by the Investment Manager to be of comparable quality. The QDF and the GSLT may invest up to 10 percent of its assets at time of purchase in commingled vehicles managed by State Street Global Advisors or its affiliates that conform to the Investment Policy Guidelines. The QDF and the GSLT both have duration pools. The duration pools include all asset backed securities (regardless of maturity) and securities of any type with a remaining maturity of 91 days or greater. Each investor owns a specified percentage interest in the duration pool which is redeemable only in kind, not in cash. The duration pools will not make additional investments.

The Bank of New York Mellon (BNYM) administers a portion of the securities lending program for the ATF. Certain securities from ATF are loaned to borrowers approved by the ATF Board of Trustees. Approved borrowers of securities provide acceptable cash collateral in the form of Federal funds or New York Clearing House funds as applicable for a particular loan. All security loans are open loans and can be terminated on demand by the ATF, BNYM, or the borrower. The initial collateral received shall have (i) in the case of loaned securities denominated in United States Dollars, cash collateral in the amount of 102 percent of the market value of the loaned securities or (ii) in the case of loaned securities which are not denominated in United States Dollars, cash collateral in the amount of 105 percent of the market value of the loaned securities. Pursuant to the terms of the applicable securities loan agreement, BNYM shall, in accordance with BNYM's reasonable and customary practices, mark loaned securities to their market value each business day based upon the market value of the loaned securities as of the close of business the preceding business day, employing the most recently available pricing information, and receive and deliver collateral in order to maintain the amount of cash collateral at no less than the collateral requirement. The ATF cannot pledge or sell collateral securities received unless the borrower defaults. As of September 30, 2014, the average term of the loans was 122 days. Cash collateral investments are matured as needed to fulfill loan obligations. All approved investments shall be for the account and risk of ATF. To the extent any loss arising out of approved investments results in a deficiency in the amount of collateral available for return to a borrower, ATF agrees to pay BNYM on demand cash in an amount equal to such deficiency.

The following describes the manner in which BNYM is authorized to invest and reinvest cash collateral for the ATF.

- Securities issued or fully guaranteed by the United States Government and any agency, instrumentality, or establishment of the United States Government ("Government Securities").
- High-grade commercial paper, notes, bonds, and other debt obligations including promissory notes, funding agreements, and guaranteed investment contracts, whether or not registered under the Securities Act of 1933, as amended. Such obligations may have fixed, floating, or variable rate interest payment provisions.
- Asset-backed securities which carry the highest credit rating by S&P or Moody's.
- Certificates of deposit, time deposits and other bank obligations of U.S. banks, their branches and subsidiaries.
- Repurchase and reverse repurchase agreements collateralized by approved investments.
- Securities, units, shares and other participations in money market funds, unregistered short-term investment funds, pools or trusts.
- Government securities have no maturity limit. Fixed rate instruments shall have a maturity of no greater than 13 months. Floating rate instruments rated "A" or "AA" shall have maturities no greater than three years with resets no less frequent than three months. Floating rate instruments rated "AAA" shall have maturities no greater than five years with resets no less frequent than three months.

Investments purchased with cash collateral are held by the custodial agent, but not in the name of the lender. Securities pledged as collateral are held by the custodial agent, but not in the name of the lender. Letters of credit pledged as collateral are issued by the borrower's bank and are irrevocable. The fair value of the securities on loan and the fair value of the collateral pledged by the borrowers are demonstrated in the securities lending table. Since the amounts owed by the State and its component units exceeded the amounts the borrowers owed, there was no credit risk exposure as of September 30, 2014. There were no significant violations of legal or contractual provisions, no borrower or lending agent default losses, and no recoveries of prior period losses during the year.

Securities Lending - Investments Lent and Collateral Received
(Fair Value in Thousands)

Type of Investment Lent	Governmental-Type Activities	Business-Type Activities	RSA Fiduciary Component Units	Other Fiduciary Funds	Discretely Presented Component Units
For Cash Collateral					
Domestic Fixed Maturities	$ 142,674	$ 793	$ 198,084	$ 73,788	$ 9,980
Domestic Equity	113,451	-	1,160,742	199,712	5,206
International Equity	8,854	-	236,360	2,089	-
Total Lent for Cash Collateral	264,979	793	1,595,186	275,589	15,186
For Non-cash Collateral					
Domestic Fixed Maturities	68,907	1,192	819,651	382,498	32,966
Domestic Equity	9,358	-	1,780,556	59,669	-
International Equity	-	-	449,668	7,740	-
Total Lent for Non-Cash Collateral	78,265	1,192	3,049,875	449,907	32,966
Total Securities Lent	**$ 343,244**	**$ 1,985**	**$ 4,645,061**	**$ 725,496**	**$ 48,152**
Type of Collateral Received					
Cash Collateral					
Cash Collateral - Invested in					
State Street Quality D Fund	$ 0	$ 0	$ 1,645,767	$ 118,223	$ 0
State Street Global Securities Lending Trust	64,750	808	1,739	163,956	15,514
BNYM Investments	206,472	-	-	-	-
Total Cash Collateral	271,222	808	1,647,506	282,179	15,514
Non-Cash Collateral					
For Lent Domestic Fixed Maturities					
Securities Collateral - US Dollars	71,324	1,259	774,016	381,303	30,148
British Pound Sterling	1,307	-	101,508	34,030	4,793
For Lent Domestic Equity Securities					
Securities Collateral					
US Dollars	10,283	-	1,933,874	64,693	665
For Lent International Equity Securities					
Securities Collateral					
Canadian Dollars	-	-	4,466	-	-
Euro	-	-	117,150	1,032	-
British Pound Sterling	-	-	57,627	1,126	-
US Dollar	-	-	298,587	6,231	-
Total Non-Cash Collateral	**82,914**	**1,259**	**3,287,228**	**488,415**	**35,606**
Total Collateral Received	**$ 354,136**	**$ 2,067**	**$ 4,934,734**	**$ 770,594**	**$ 51,120**

E. Mortgage-Backed Securities

The State of Alabama invests in mortgage-backed securities to improve yield and adjust the duration of the State's fixed income portfolio. Embedded prepayment options cause these investments to be highly sensitive to changes in interest rates. Prepayments of the underlying assets reduce the total interest payments to be received. Generally, when interest rates fall, obligors tend to prepay the mortgages thus eliminating the stream of interest payments that would have been received under the original amortization schedule. The resulting reduction in cash flow diminishes the fair value of the mortgage-backed securities.

The Alabama Trust Fund (ATF) invests in TBA (to be announced) purchase commitments, pursuant to which it agrees to purchase mortgage-backed securities. The TBA market developed in response to the demands of market participants for more liquidity in

trading mortgage-backed securities. The TBA market is essentially a forward or delayed delivery market. The lender, or other market participant, will enter into a forward contract to sell mortgage-backed securities in the TBA market, promising to deliver mortgage-backed securities on the settlement date sometime in the future. At September 30, 2014, the ATF had investments in TBA mortgage-backed securities in the amount of $52,649,000. Included in investment purchases payable on the Statement of Net Position is a liability related to the cost of acquiring these securities. Generally, these securities are closed with a gain or loss prior to settlement. However, the ATF would be obligated for those amounts should the securities be delivered.

F. Capital Assets

Historical costs for infrastructure assets are included in this report. The State elected to include the historical costs of all infrastructure assets, not just assets capitalized since 1980, as required by GASB Statement No. 34. The State capitalizes infrastructure when all costs for a project are incurred and all project documentation is completed and filed with the appropriate entities. Due to the documentation requirements, there can be substantial time lags between the date a project is put into service and the date the project is capitalized. A significant portion of Infrastructure Construction in Progress consists of projects that have been put into service and maintenance costs could have been incurred but the project documentation is not complete. For Business-Type activities, decreases in construction in progress are large relative to increases in buildings because Port Authority constructs some equipment assets.

As of September 30, 2014, the capital assets for the Primary Government and the Component Units are presented in the following three tables:

GOVERNMENTAL-TYPE ACTIVITIES

(Amounts in Thousands)	Beginning Balance as Restated	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 328,965	$ 15,902	$ 125	$ 344,742
Historical Exhibits	4,075	57	-	4,132
Construction in progress	231,010	48,971	89,452	190,529
Construction in progress - Infrastructure	5,200,257	230,346	755,086	4,675,517
Infrastructure	13,433,729	755,086	-	14,188,815
Intangible Assets under Development	5,963	17,574	-	23,537
Total capital assets not being depreciated	**19,203,999**	**1,067,936**	**844,663**	**19,427,272**
Capital assets being depreciated:				
Buildings	1,683,078	93,665	1,684	1,775,059
Equipment	705,219	88,086	44,961	748,344
Software and Other Intangible Assets	43,839	13,764	7,668	49,935
Total capital assets being depreciated	**2,432,136**	**195,515**	**54,313**	**2,573,338**
Less accumulated depreciation:				
Buildings	726,574	40,740	547	766,767
Equipment	445,450	54,310	34,502	465,258
Software and Other Intangible Assets	11,975	5,163	551	16,587
Total accumulated depreciation	**1,183,999**	**100,213**	**35,600**	**1,248,612**
Total capital assets being depreciated, net	**1,248,137**	**95,302**	**18,713**	**1,324,726**
Governmental-type activities capital assets, net	**$ 20,452,136**	**$ 1,163,238**	**$ 863,376**	**$ 20,751,998**

Depreciation Expense for the current year is charged as follows:

Economic Development and Regulation	$ 4,546
Social Services	6,017
Education and Cultural Resources	6,698
Natural Resources and Recreation	8,094
Health	11,128
General Government	11,788
Protection of Persons and Property	25,420
Transportation	26,522
Total Depreciation Expense	**$ 100,213**

The capital assets for business-type activities are:

BUSINESS-TYPE ACTIVITIES
(Amounts in Thousands)

	Beginning Balance as Restated	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 74,284	$ 35,520	$ -	$ 109,804
Historical Exhibits	2,350	-	-	2,350
Construction in progress	85,689	67,543	68,906	84,326
Inexhaustible Intangible Assets	10	-	-	10
Total capital assets not being depreciated	**162,333**	**103,063**	**68,906**	**196,490**
Capital assets being depreciated:				
Buildings	1,701,630	67,204	2,808	1,766,026
Equipment	590,114	37,066	9,876	617,304
Software and Other Intangible Assets	16,610	2,447	25	19,032
Total capital assets being depreciated	**2,308,354**	**106,717**	**12,709**	**2,402,362**
Less accumulated depreciation				
Buildings	634,514	43,009	1,168	676,355
Equipment	324,997	28,505	6,228	347,274
Software and Other Intangible Assets	4,885	1,618	-	6,503
Total accumulated depreciation	**964,396**	**73,132**	**7,396**	**1,030,132**
Total capital assets being depreciated, net	**1,343,958**	**33,585**	**5,313**	**1,372,230**
Business-type activities capital assets, net	**$ 1,506,291**	**$ 136,648**	**$ 74,219**	**$ 1,568,720**

Depreciation Expense for the current year is charged as follows:	
State Port Authority	$ 29,199
Alabama Community College System	41,600
Alcoholic Beverage Control Board	1,683
Other Nonmajor Enterprise Funds	650
Total Depreciation Expense	**$ 73,132**

The capital assets for component units are:

COMPONENT UNITS
(Amounts in Thousands)

	Beginning Balance as Restated	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 297,733	$ 5,154	$ 3,243	$ 299,644
Historical Exhibits	116,158	3,237	258	119,137
Construction in progress	479,407	419,018	533,387	365,038
Total capital assets not being depreciated	**893,298**	**427,409**	**536,888**	**783,819**
Capital assets being depreciated:				
Buildings	8,126,442	585,538	55,655	8,656,325
Equipment	2,177,119	167,262	128,367	2,216,014
Software and Other Intangibles	126,579	5,015	1,990	129,604
Total capital assets being depreciated	**10,430,140**	**757,815**	**186,012**	**11,001,943**
Less accumulated depreciation				
Buildings	2,774,747	227,892	11,830	2,990,809
Equipment	1,667,300	127,738	112,511	1,682,527
Software and Other Intangible Assets	65,476	7,587	834	72,229
Total accumulated depreciation	**4,507,523**	**363,217**	**125,175**	**4,745,565**
Total capital assets being depreciated, net	**5,922,617**	**394,598**	**60,837**	**6,256,378**
Component Units capital assets, net	**$6,815,915**	**$ 822,007**	**$ 597,725**	**$7,040,197**

Depreciation Expense for the current year is charged as follows:	
University of Alabama	206,689
Auburn University	72,376
University of South Alabama	29,708
State Employee Insurance Board	294
Other Nonmajor Component Units	54,150
Total Depreciation Expense	**$ 363,217**

G. Investment Derivatives

Alabama State Port Authority - In December 2002, the Alabama State Port Authority entered into a swaption contract with an investment company in order to monetize potential debt service savings on the Authority's callable 1996 Series bond. The swaption gave the counterparty the option to enter into a variable-to-fixed interest rate swap at a specified future date. The counterparty exercised its option on July 18, 2006 and the interest rate swap commenced on October 1, 2006, with the Authority paying a fixed interest rate (5.38 percent) and the Authority receiving a variable interest rate (67 percent of the one-month LIBOR). The Authority may be exposed to various risks such as credit risk and interest rate risk through the interest rate swap. As the interest rate swap is a liability at September 30, 2014 and 2013, the impact of credit risk is minimized. The swap agreement is based on an original notional amount of $60,455,000, valued at $53,995,000 at September 30, 2014, and expires on October 1, 2021. As of September 30, 2014, the interest rate swap had a negative fair value of approximately $8,182,000 and is included in the Statement of Net Position in Noncurrent Liabilities: Due in More Than One Year as Other Long-Term Liabilities. The $2.3 million increase in fair value is included in investment income in the Statement of Revenues, Expenses, and Changes in Net Position and is included in Charges for

Services in the Statement of Activities. In accordance with the swap agreement, the Authority posted collateral of approximately $7.6 million at September 30, 2014 due to the negative position of the interest rate swap. The interest rate swap value is calculated using an industry accepted option pricing model that uses market interest rates and volatility assumptions on the valuation date. The interest rate and volatility data is used to calculate the present value of the potential future cash flows of the swap.

University of South Alabama - In January 2008, the University of South Alabama entered into a synthetic advance refunding of the outstanding Series 2004 and 2006 bonds with a counterparty. This transaction was effected through the sale of two swaptions by the University to the counterparty. The transactions resulted in an up-front payment to the University totaling $9,328,000, which was recorded as a liability, in exchange for selling the counterparty the option to enter into an interest rate swap with respect to the Series 2004 and 2006 bonds in 2014 and 2016, respectively. The objective of this transaction is to realize debt service savings currently from future debt refunding and create an economic benefit to the University. If the counterparty exercises its options in 2014 and 2016, the University would, at the counterparty's option, be forced into an underlying swap. In December 2013, the counterparty exercised its option with respect to the 2004 swaption. The University refunded its Series 2004 bonds, issued the Series 2014-A variable rate bond and terminated the Series 2004 swaption. As a result of this termination, the borrowing arising from the Series 2004 swaption of $1,696,000 and the investment derivative (liability) of $5,213,000 were written off and an investment loss of $2,229,000 was recognized and reported in the statements of revenues, expenses and changes in net position for the year ended September 30, 2014. A borrowing arising from the 2014 swap of $9,138,000 was recognized and is reported, net of current year amortization, as long-term debt in the statement of net position at September 30, 2014. If the counterparty exercises its option in 2016 related to the 2006 swaption, the University would, at the counterparty's option, be compelled to enter into an underlying swap. If the option is exercised, the University would begin to make payments on the notional amount, currently $100,000,000 for the 2006 bonds of the underlying swap contract. Simultaneously, the University would call outstanding 2006 bonds and issue variable rate demand notes (VRDNs) in their place. Under the swap contract, the University would pay a fixed rate of 5.0 percent on the 2006 bonds to the counterparty and would receive payments based on 68 percent of the one-month LIBOR index plus 0.25 percent. Alternatively, although it is not anticipated that this option would be to the University's advantage, the University could, at its option, cash settle the swap and retain its right to refund the 2006 bonds. If the interest rate environment is such that the counterparty chooses to not exercise its option related to the 2006 swaption, the swaption would be canceled and the University would have no further obligation under this agreement.

A swaption is considered a hybrid instrument and as such the payment by the counterparty to the University must be bifurcated into two components, a borrowing component and an embedded derivative component, and each component treated separately. The embedded derivative value of the swaptions represents the fair value resulting from the fact that the fixed rate stated in the swaptions is greater than the at-the-market rate. The initial value of the borrowing is the difference between the upfront payment and the fair value of the embedded derivative and represents the time value to the counterparty for holding the option, or the probability weighted, discounted values of a range of future possible outcomes. The values of the embedded derivatives at the date of execution of this transaction were $918,000 for 2004 bonds and $3,343,000 for 2006 bonds. The values of the borrowings at the date of execution were $1,070,000 for the 2004 bonds and $3,997,000 for the 2006 bonds. The September 30, 2014 values of the borrowings are included in the Statement of Net Position in Noncurrent Liabilities and included in Capital leases/Notes/Mortgages in the table of Changes in Noncurrent Liabilities in Note 4.E.9. Interest is being accreted on, and added to, the borrowing through the expiration date of the option. At September 30, 2014, $379,000 was accreted and is included in Expenses in the Statement of Activities. At September 30, 2014, the negative fair values of the derivatives are approximately $(14,191,000) and are included in Noncurrent Liabilities and included in Other Long-term Liabilities in the table of Changes in Noncurrent Liabilities in Note 4.E.9. For the year ended September 30, 2014, the $(6,071,000) change in the fair value of the derivatives is included in unrestricted investment earnings in the Statement of Activities.

Fair Value. At September 30, 2014, the embedded derivatives had fair values of $(14,191,000). The fair values of the embedded derivatives were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the instruments, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement.

Interest Rate Risk. Interest rate risk, as a result of rising short-term interest rates causing higher interest rate payments, is effectively hedged by the University's fixed rate bonds. If the counterparty exercises its options, the underlying swaps are expected to effectively hedge the potentially higher payments on VRDNs as well. The University is also subject to interest rate risk, as a result of changes in long term interest rates, which may cause the value of fixed rate bonds or interest rate derivatives to change. If long term interest rates fall subsequent to the execution of this transaction, the value of the swaptions will change, with negative consequences for the University.

Market Access Risk. This transaction assumes that VRDNs will be issued as a replacement of the 2006 bonds. If the University is unable to issue variable rate bonds after the counterparty exercises its right under the remaining swaption, the University would still be required to begin making periodic payments on the swap, even though there are no related bonds. Alternatively, the University could choose to liquidate the swap, which may create a substantial cash outlay.

Basis Risk. If the counterparty exercises its option, there is a risk that the floating payments received under the swaps will not fully offset the variable rate payments due on the assumed VRDNs.

Credit Risk. Although the underlying swap exposes the University to credit risk should the swap be executed, the swaption itself does not expose the University to credit risk. If the option is exercised on one or both issues, the University would begin to make payments on the appropriate notional amount of the underlying swap contract. In that situation, if the fair value of the swap is positive, the University would be exposed to credit risk on the swap in the amount of its fair value. As of September 30, 2014, the swap counterparty was rated Aa3 by Moody's Investors Services and AA- by Standard and Poors Rating Services.

Termination Risk. The University may be required to terminate the swaption or swap under certain circumstances, such as credit downgrades or other events specified in the contracts. In the event that a position needs to be terminated, the University may owe a substantial amount of money to terminate the contracts. At September 30, 2014, no events of termination have occurred.

The Retirement Systems of Alabama (RSA) - The RSA enters into call and put options. The RSA uses these derivative instruments to make an investment, control risk with certain investment positions, or as a yield enhancement strategy. During the fiscal year, these investment derivative instruments were used exclusively within the RSA's domestic and international equity portfolios and are presented in the financial statements in their respective equity classifications. These derivative instruments are either listed options or executed in the over-the-counter (OTC) market using only credit worthy counterparties. The fair value of the investment derivatives is based on market prices. Investment risks related to investment derivatives have been considered and included in the respective investment risks notes above in Note 3.C.

The following table presents the investment derivative instruments outstanding as of September 30, 2014 (in thousands), as reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position:

Investment Derivative Instruments
(Amounts in thousands)

	Changes in Fair Value §	Fair Value		
	Amount	Classification	Amount	Notional
TRS				
International Options Written	62	International Stocks	(261)	(43,636)
Total Options Written	$ 62	Totals	$ (261)	$ (43,636)
ERS				
International Options Written	30	International Stocks	(125)	(20,850)
Total Options Written	$ 30	Totals	$ (125)	$ (20,850)
JRF				
International Options Written	$ 1	International Stocks	$ (4)	$ (635)
Total Options Written	$ 1	Totals	$ (4)	$ (635)

§ The changes in fair value are included in Net Increase (Decrease) in Fair Value of Investments in the Statement of Changes in Fiduciary Net Position

Alabama Trust Fund (ATF) - Derivatives can be used by the ATF's investment managers to manage cash positions, gain broad stock or bond market exposure and to manage risks with certain investment positions. The ATF Investment Policy allows derivative instruments to be used provided that the collateral is held in highly liquid securities and that they do not create the effect of leverage in the portfolio.

GASB Statement No. 53 requires that the fair value of the financial arrangements called "derivatives" or "derivative instruments" be reported in the financial statements of state and local governments. The statement further requires that derivatives be categorized as either an investment derivative or a hedge derivative. All of the ATF's derivative exposures as of September 30, 2014, are categorized as investment derivatives and therefore the hedge accounting provisions of GASB Statement No. 53 and No. 64 are not applicable.

All derivative instruments are presented in the Statement of Net Position as Investments and are reported at fair value. ATF's custodian, Bank of New York Mellon (BNYM), uses market prices when available. BNYM used two vendors to value derivatives when market values are not available. The two vendors used by BNYM are *Markit,* and *SuperDerivatives.* Both vendors consider their valuation process to be proprietary and not available for disclosure. Investment risks related to investment derivatives have been considered and included in the respective investment risks notes above in Note 3.C. In the note, futures and credit default swaps are included in derivatives, and total return swaps and interest rate swaps are included in corporate bonds.

The following table presents the derivative instruments outstanding as of September 30, 2014 for ATF:

Investment Derivative Instruments
(Amounts in thousands)

	Changes in Fair Value §	Fair Value as of September 30, 2014	
	Amount	Amount	Notional
Credit Default Swaps	$ 4	$ 3	$ 1,223
Total Swaps	$ 4	$ 3	$ 1,223
Futures	18	(44)	(2,714)
Total Futures	$ 18	$ (44)	$ (2,714)
Total Derivatives	$ 22	$ (41)	$ (1,491)

§ Included in Unrestricted Investment Earnings in the Statement of Activities and Investment Income in the Statement of Revenues, Expenditures, and Changes in Fund Balances.

GASB Statement No. 53 requires the disclosure of the maximum amount of loss due to credit risk, based on the fair value of the instrument at the end of the fiscal year. The maximum amount of loss associated with all derivatives held by the ATF is $77,000. GASB Statement No. 53 also requires additional interest rate risk disclosures for investment derivatives that are highly sensitive to interest rate fluctuations.

NOTE 4 - DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

The deferred outflows of resources which total $118,819,000 reported in the Governmental Activities of the Statement of Net Position are deferred losses resulting from bond refundings.

The deferred inflows of resources which total $859,000 reported in the Governmental Activities of the Statement of Net Position are deferred gains resulting from general obligation bond refundings and revenue bond refundings.

Both of the deferred outflows of resources which total $7,920,000 reported in the Business-type activities are deferred losses resulting from revenue bond refundings. The amounts reported by the State Port Authority and the Alabama Community College System were $6,144,000 and $1,776,000, respectively.

All of the deferred inflows of resources which total $365,804,000 reported in the Balance Sheet of the Governmental Funds are unavailable revenues that are not recognized as revenue under the modified accrual basis of accounting in the Statement of Revenues, Expenditures, and Changes in Fund Balances.

The major component units of the State of Alabama reported deferred outflows of resources as follows: University of Alabama deferred loss resulting from revenue bond refundings $27,255,000 and hedging interest rate swap $733,000; Auburn University deferred loss resulting from revenue bond refundings $14,442,000; and University of South Alabama deferred loss resulting from revenue bond refundings $265,000 and hedging interest rate swap $3,053,000.

The major component units of the State of Alabama reported deferred inflows of resources as follows: University of Alabama deferred gain resulting from revenue bond refundings $241,000; Auburn University nonexchange revenue received before time requirements were met $435,000; University of South Alabama hedging interest rate swap $177,000; and Housing Finance Authority hedging forward sales commitment derivatives $44,000.

NOTE 5 - LIABILITIES

A. Future Commitments

1. Construction Projects

a. Primary Government
At September 30, 2014, the Department of Transportation had construction and maintenance contracts of $1,988,823,000. The amount already performed was $1,459,326,000, leaving an outstanding balance of $529,497,000. The funding sources for this amount are 68 percent federal funds and 32 percent State and local funds.

The State Port Authority has contracts for several projects with estimated costs to complete of approximately $21.1 million.

b. Component Units
The University of Alabama at Birmingham had construction and renovation commitments remaining at September 30, 2014 of approximately $164.3 million, which is expected to be financed from private gifts, grants, bond proceeds, and University of Alabama at Birmingham reserves.

Auburn University had construction and renovation contracts for various facilities that are estimated to cost approximately $320.5 million. At September 30, 2014, the estimated remaining cost to complete the projects was approximately $37.1 million which will be funded from University funds and bond proceeds.

The University of Alabama at Tuscaloosa had construction and renovation contract commitments for several facilities at September 30, 2014. The estimated remaining costs to complete the construction and renovation was approximately $56.9 million which is expected to be financed from private gifts, grants, bond proceeds and University funds.

2. Operating Leases
The State and its component units have entered into various lease agreements for real property. These leases do not represent material commitments by the State, therefore disclosure of minimum future lease payments is not provided.

3. Economic Development
The State and its component units have made a variety of economic development grant commitments to the private sector to finance the cost of industries locating and expanding in the State, as well as the costs of training employees.

a. Primary Government
The State has committed to funding economic development grants totaling $479,769,000 as of September 30, 2014. It is expected that in fiscal year 2015, $48,789,000 of the commitments will be paid from appropriations, $7,709,000 from prior year carry forward appropriations, $41,881,000 will be paid from existing general obligation bond proceeds restricted for that purpose, and $66,423,000 will be paid from existing revenue bond proceeds. The remaining $314,967,000 is expected to be paid in fiscal year 2016 or later.

b. State Entity
The State as a whole has an additional $35,775,000 in economic development grant commitments to meet for which the funding source has not yet been decided. Therefore, they are not included above as either primary government or component unit. Of these grant commitments, all are expected to be paid in fiscal year 2016 or later.

4. Encumbrances

Encumbrances represent commitments related to unperformed contracts and purchase orders for goods and services. Encumbrances are reported within governmental funds as restricted, committed, or assigned fund balance. At September 30, 2014, there were encumbrances in the Public Road and Bridge Fund totaling $66,437,000, the Medicaid Fund $3,714,000, the Public Welfare Trust Fund $3,469,000, and nonmajor governmental funds $31,080,000.

B. Claims and Judgments

The Department of Transportation finances its own risk for state employee injury compensation. The Department had $10,294,000 in claims liabilities at the end of the fiscal year.

C. Pollution Remediation Obligations

Auburn University conducts groundwater monitoring, monitored natural attenuation and clean-up in accordance with the Resource Conservation and Recovery Act (RCRA) and the Toxic Substances and Control Act. Additionally, asbestos abatement is necessary as older buildings on campus are demolished or renovated. The University, with the assistance of an outside consultant, prepared a 30-year Post Closure Cost Estimate related to all active and inactive solid waste management units managed through the University RCRA Facility permit. As of September 30, 2014, the total estimated pollution remediation (estimated using the expected cash-flow technique) is $6,972,000. The current portion of $3,306,000 is included in accounts payable and the long-term portion of $3,666,000 is included in Noncurrent Liabilities: Due In More Than One Year in the accompanying Statements of Net Position. The University does not expect to recover any funds from insurance or other third parties related to these obligations.

D. Conduit Debt

Revenue bonds were issued by Alabama Housing Financing Authority, a component unit, which constituted conduit debt outstanding at year-end totaling $153,083,000 to provide multifamily housing for the citizens of Alabama. The Authority does not actively monitor the operating performance or financial condition of the multifamily properties financed by the bonds. Multifamily mortgage loans are collateralized by varying methods, including first-liens on multifamily residential rental properties located within the State of Alabama, letters of credit, surety bonds and guarantees provided by third parties. These bonds do not constitute a debt or pledge of the faith and credit of the Authority or the State of Alabama, and accordingly, have not been reported in the accompanying financial statements.

E. Long-term Debt

1. Debt Limitations and Methods of Bond Issuance

Under Section 213 of the *Constitution of Alabama of 1901*, as modified by Amendment 26, the State is constitutionally prohibited from incurring debt except to repel invasion or suppress insurrection. Therefore, the only method under which general obligation debt can be incurred is by amendment to the *Constitution*. Although conventions proposed by the legislature and approved by the electorate may be called for the purpose of amending the *Constitution*, historically all amendments have been adopted by a procedure which requires them to be proposed by a three-fifths majority of each house of the legislature and thereafter ratified by a majority of the electorate.

The Supreme Court of Alabama has ruled that debt prohibition does not apply to debts incurred by separate public corporations functioning as state instrumentalities. The State has followed the practice of financing many capital improvements and developmental grant programs by issuing debt through such public corporations. The legislature (through enabling legislation) and the Governor (by executive order) have created public corporations and authorities of the State for the purpose of financing projects and programs such as public highways, public educational facilities, judicial buildings, affordable housing, economic development grants, and other projects. In most instances, state officials such as the Governor, Lieutenant Governor, Attorney General, State Treasurer, and the Director of Finance serve as board members of these corporations. The revenue bonds issued by these corporations are limited obligations of the corporation, not general obligations of the State, and the full faith and credit of the State is not pledged for their repayment. Certain revenues, usually earmarked taxes or revenues generated from the project financed are pledged for the payment of the debt. These corporations are reported by blending them with the primary government. The State also enters into lease purchase agreements which are reported in accordance with generally accepted accounting principles as capital lease debt or notes payable.

2. General Obligation Bonds – Governmental Activities

The State has general obligation bond issues outstanding for the purpose of financing major capital projects for: state waterways, State Port Authority's facilities, prisons, roads, bridges, mental hospitals, Mobile harbor, state parks, youth services facilities, state buildings, the State Coliseum, conservation and preservation projects, educational television, forensic sciences laboratories,

agricultural development, diagnostic and research laboratories, and historical projects. General obligation bonds also finance grant programs for public school and college buildings, as well as economic development grants to industry and local government. The full faith and credit of the State is pledged for the payment of the bonds. The following schedule shows the general obligation annual debt service requirements and is followed by a detailed table describing each individual general obligation bond issue outstanding:

GENERAL OBLIGATION BONDS

Debt Service Requirements to Maturity

(Amounts in Thousands)

Maturity	Principal	Interest	Total
2015	$ 39,180	$ 27,871	$ 67,051
2016	40,455	26,357	66,812
2017	46,265	24,509	70,774
2018	47,165	22,299	69,464
2019	54,585	20,000	74,585
2020-2024	232,370	62,131	294,501
2025-2029	120,070	18,510	138,580
2030-2033	30,735	3,191	33,926
Total	610,825	**$ 204,868**	**$ 815,693**
Unamortized Premium	69,651		
	$ 680,476		

GENERAL OBLIGATION BONDS PAYABLE
(Amounts in Thousands)

General Obligation Issue (Amounts in Thousands)	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2014
Series 2005				
Series A - Universities and Economic Development	02/01/05	08/01/25	3.0% to 5.0%	$ 4,735
Series 2006 - Economic Develop. & Industry Recruitment	02/01/06	02/01/16	3.5% to 5.0%	5,745
Series 2007 - Economic Develop. & Industry Recruitment	08/01/07	08/01/27	3.5% to 5.0%	63,720
Series 2010				
Series A - Refunding Bonds	03/23/10	06/01/21	3.0% to 5.0%	28,755
Series B - Refunding Bonds	03/23/10	06/01/21	3.0% to 4.0%	9,390
Series C - Refunding Bonds	05/11/10	06/01/21	3.3% to 5.0%	47,475
Series D - Economic Development	05/11/10	06/01/32	3.0% to 5.0%	101,655
Series 2013				
Series A - Refunding Bonds	08/01/13	08/01/25	0.2% to 3.3%	128,755
Series B	08/01/13	08/01/33	0.2% to 4.4%	31,805
Series C - Refunding Bonds	08/01/13	08/01/21	0.5% to 2.6%	1,705
Series 2014 A - Refunding Bonds	08/01/14	08/01/26	0.6% to 2.6%	187,085
Sub-total General Obligation Bonds				610,825
‡ Plus: Unamortized Premiums				69,651
Total General Obligation Bonds				**$ 680,476**

‡ Unamortized premiums were $204 for Series 2005-A, $85 for Series 2006, $1,717 for Series 2007, $2,199 for Series 2010-A, $365 for Series 2010-B, $3,649 for Series 2010-C, $7,805 for Series 2010-D, $16,675 for Series 2013-A, $1,636 for Series 2013-B, $61 for the Series 2013-C, and $35,255 for the Series 2014A.

3. Revenue Bonds

a. Primary Government – Governmental Activities

The Alabama Corrections Institution Finance Authority issues bonds for the purposes of acquiring land and constructing correctional institutions. The bonds are payable from revenues derived from payments under a lease agreement between the Authority and the Department of Corrections.

The Alabama Building Renovation Finance Authority issues bonds to provide funding for the renovation, reconstruction, operation, and maintenance of public office buildings in the state capitol complex. The Authority also receives income from the rental of the office buildings to state agencies. The bonds issued by the Authority are payable from the rents received by the authority under lease agreements.

The Alabama Judicial Building Authority issues bonds for the purpose of funding the acquisition, construction, and capital improvements of judicial facilities. The bonds are payable from revenues and receipts paid by the Judicial System pursuant to the lease and earnings, if any, on funds held by the State Treasurer.

The Alabama Public Health Care Authority issues bonds for the purpose of funding the acquisition, construction, and equipping of buildings located in each county for the use of the Department of Public Health. Transfers received from the Department of Public Health, along with income from investing idle funds are used for the payment of principal and interest on the bonds. A Municipal Bond Insurance Policy also guarantees payment of the bonds.

The Alabama Federal Aid Highway Finance Authority issues bonds for the purpose of funding the costs of constructing any roads, streets, parks, right of ways, bridges, railroad crossings, drainage structures, signs, guard rails, structures, interstates, surfaces, resurfaces, shoulders, road sides, or any other work which is eligible for federal aid financing assistance under Title 23, Chapter 1, of

the United States Code and applicable regulations. The bonds are issued in anticipation of the receipt by the State of the federal share of the costs. Principal and interest paid for the current year and federal revenue were $41,237,000 and $941,952,000, respectively.

The Alabama Incentives Finance Authority issues bonds to fund financial commitments to industries relocating to Alabama under the terms of the State's Industrial Incentives legislation. Revenues from the Tennessee Valley Authority to the State "in lieu of taxes" are pledged for the payment of these bonds. Principal and interest paid for the current year and the "in lieu of taxes" revenue were $17,933,000 and $18,118,000, respectively.

The Alabama Public School and College Authority is authorized to issue bonds to construct and improve educational buildings. Revenue from the sales and use taxes, the leasing tax, and the utilities gross receipts and use taxes are pledged for the payment of these bonds. Principal and interest paid for the current year was $294,195,000. Sales taxes, use taxes, leasing taxes, and utilities gross receipts and use taxes for the current year were $2,459,428,000.

The Alabama Mental Health Finance Authority issues bonds for the acquisition, construction, improvement, and equipping of mental health facilities. Revenues from certain tobacco and liquor taxes are pledged for the payment of principal and interest on these bonds. Principal and interest paid for the current year was $2,087,000. Tobacco and liquor taxes for the current year were $5,510,000.

The Alabama Twenty-first Century Authority issues bonds for the purpose of promoting economic development and industrial recruitment for the State of Alabama. The bonds are special obligations of the Authority payable solely from the Trust Estate created under the Indenture. Principal and interest paid for the current year and tobacco settlement revenue were $12,806,000 and $13,000,000, respectively.

The Alabama Revolving Loan Fund Authority issues bonds for the purpose of making grants to the Regional Planning and Development Commissions which are utilized by the grantees as revolving loan funds. Revenues from privilege and license tax on providers of cellular radio telecommunication services are used to pay the debt. Principal and interest paid for the current year and cellular radio telecommunication privilege and license taxes were $1,845,000 and $70,117,000, respectively.

The Alabama Highway Finance Corporation issues bonds for the purpose of funding the state's share of the cost of constructing roads and bridges that the federal government and state funds jointly. Specific gasoline taxes are used to pay the debt. No principal and interest was paid for the current year since the bonds were issued in the current fiscal year.

PRIMARY GOVERNMENT

Governmental Activities Revenue Bonds (Amounts in Thousands)	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2014
Alabama Corrections Institution Finance Authority				
Series 2003-B	01/01/03	04/01/15	5.00% to 5.00%	$ 2,040
Alabama Building Renovation Finance Authority				
Series 2006	08/01/06	09/01/31	4.00% to 5.00%	24,745
Series 2010	07/21/10	09/01/24	2.50% to 4.00%	20,720
Alabama Judicial Building Authority				
Series 2007	10/01/07	11/01/18	3.50% to 5.00%	15,570
Alabama Public Health Care Authority				
Series 2005	09/28/05	09/01/35	4.00% to 4.50%	47,180
Alabama Federal Aid Highway Finance Authority				
Series 2011	08/23/11	03/01/17	1.00% to 5.00%	48,385
Series 2012	12/06/12	09/01/26	0.35% to 2.40%	319,600
Alabama Incentives Finance Authority				
Series 2009-A	09/17/09	09/01/29	3.00% to 4.00%	20,025
Series 2009-B	09/17/09	09/01/29	1.93% to 4.00%	84,700
Series 2009-C	09/17/09	09/01/29	3.00% to 4.00%	15,100
Series 2012-A	10/23/12	09/01/42	0.45% to 3.85%	123,385
Alabama Public School and College Authority				
Series 2007	12/05/07	12/01/27	2.50% to 5.00%	268,330
Series 2008-A	09/05/08	02/01/28	3.25% to 4.25%	38,270
Series 2009-A	10/21/09	05/01/24	5.00% to 5.00%	290,130
Series 2009-B	10/21/09	05/01/19	3.00% to 5.00%	101,740
Series 2009-C	10/21/09	05/01/29	3.00% to 4.00%	30,350
Series 2009-D	12/03/09	12/15/25	3.70% to 3.70%	145,880
Series 2010-A	04/14/10	05/01/19	4.00% to 5.00%	109,775
Series 2010-Q	09/14/10	03/01/27	5.15% to 5.15%	154,727
Series 2010-C	11/29/10	12/01/20	2.48% to 2.48%	50,070
Series 2010-D	11/29/10	12/01/20	3.77% to 3.77%	12,795
Series 2011-A	06/02/11	05/01/26	4.60% to 4.60%	51,270
Series 2011-B	06/02/11	05/01/21	2.00% to 5.00%	18,130
Series 2012-A	02/29/12	03/01/24	3.00% to 5.00%	66,925
Series 2012-B	02/29/12	03/01/29	2.50% to 5.00%	85,435
Series 2012-C Direct Loan Bonds	10/31/12	11/01/22	1.55% to 1.55%	5,225
Series 2012-D Direct Loan Bonds	10/31/12	11/01/22	2.02% to 2.02%	24,995
Series 2013-A	06/24/13	06/01/33	3.00% to 5.00%	115,085
Series 2013-B	06/24/13	06/01/33	4.00% to 5.00%	52,885
Series 2013-C	10/09/13	09/01/33	1.48% to 4.10%	80,000
Series 2013-D	10/09/13	09/01/33	0.45% to 4.25%	23,985
Series 2014-A	05/15/14	02/01/26	0.20% to 2.72%	80,065
Series 2014-B	07/01/14	01/01/27	1.26% to 2.80%	546,850
				$ 3,074,367

Continued on next page

PRIMARY GOVERNMENT, Continued Governmental Activities Revenue Bonds (Amounts in Thousands)	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2014
Sub-Total from previous page				**$ 3,074,367**
Mental Health Finance Authority				
Series 2005	07/01/05	06/01/15	4.75% to 5.50%	1,555
Series 2012	07/01/12	06/01/23	2.12% to 2.12%	15,525
Alabama Twenty-first Century Authority				
Tobacco Settlement Revenue Bonds, Series 2012	03/08/12	06/01/21	3.00% to 5.00%	84,105
Alabama Revolving Loan Fund Authority				
Series 2010	12/1/'10	03/01/30	2.50% to 6.13%	18,100
Alabama Highway Finance Corporation				
Series 2014	06/01/14	06/01/21	1.70% to 1.70%	25,000
Sub-total Revenue Bonds Payable				$ 3,218,652
‡ Less: Unamortized Discounts				(310)
§ Plus: Unamortized Premiums				299,629
Net Primary Government Revenue Bonds Payable, Governmental Activities				**$ 3,517,971**

‡ Unamortized Discount $310 for Public Health Care Authority.

§ Unamortized premium is $68,048 for Federal Aid Highway Finance Authority, $24 for Alabama Corrections Institution Finance Authority, $1,775 for Building Renovation Finance Authority, $504 for Judicial Building Authority, $9,367 for the Alabama Twenty-first Century Authority, $204,468 for Alabama Public School and College Authority, $81 for the Mental Health Finance Authority, $15,320 for Incentives Financing Authority and $42 for the Alabama Revolving Loan Fund Authority.

b. Primary Government – Business-Type Activities

The Alabama State Port Authority issues bonds for the construction and maintenance of a wharf, warehouse, open storage area, and other port facilities at Mobile Bay. The bonds are secured by the gross revenues of the Authority derived from charges made by the Authority for all services provided. The Series 2008-A bonds will bear interest at a rate of 100 basis points plus 67 percent of LIBOR (London Interbank Offered Rate). The Authority is in compliance with all debt covenants as of September 30, 2014. Principal and interest paid for the current year and gross revenues were $25,833,000 and $162,318,000, respectively.

The Alabama Community College System has numerous bond issues outstanding for a variety of purposes. Most were issued for the construction, renovation, and acquisition of buildings for various purposes, including classrooms, research facilities, dormitories, student centers, dining facilities, and athletic facilities. Principal and interest paid for the current year and tuition and fee revenue were $36,626,000 and $146,506,000, respectively.

PRIMARY GOVERNMENT

Business-Type Activities Revenue Bonds, Proprietary Funds (Amounts in Thousands)	Date Issued	Final Maturity Date	Interest Rates	Bonds Payable Sept. 30, 2014
State Port Authority				
Series 2006-A	11/01/06	10/01/36	4.50% to 5.00%	$ 134,895
Series 2006-B	11/01/06	10/01/36	4.50% to 5.00%	45,955
Series 2006-D	12/07/06	10/01/30	4.35% to 4.35%	21,600
Series 2008-A	04/01/08	10/01/21	Variable	54,580
Series 2010	12/09/10	10/01/40	5.75% to 6.00%	106,045
Alabama Community College System	Various	Various	1.25% to 6.30%	269,797
Sub-total Revenue Bonds Payable, Proprietary Funds				632,872
§ Plus: Unamortized Premium				620
Net Primary Government Revenue Bonds Payable, Proprietary Funds				**$ 633,492**

§ Unamortized premium $620 for Alabama State Port Authority.

Revenue Bonds
Debt Service Requirements to Maturity
(Amounts in Thousands)

	Governmental Activities		Business-type Activities	
Maturity	Principal	Interest	Principal	Interest
2015	$ 222,015	$ 142,793	$ 24,794	$ 26,926
2016	233,390	133,641	27,278	26,701
2017	245,680	122,792	27,924	25,363
2018	249,560	111,572	29,472	25,360
2019	262,765	99,653	30,100	23,920
2020-2024	883,480	348,110	146,076	101,194
2025-2029	905,582	135,101	110,358	73,293
2030-2034	128,530	36,145	101,565	48,477
2035-2039	52,215	16,369	92,480	26,220
2040-2044	35,435	3,601	42,825	2,593
Total	3,218,652	**$ 1,149,777**	632,872	**$ 380,047**
Unamortized Premium	299,629		620	
Unamortized Discount	(310)		-	
	$ 3,517,971		**$ 633,492**	

c. Component Units

The Alabama Housing Finance Authority issues bonds that are limited obligations of the Authority and are not a debt or liability of the State. Each bond issue is secured, as described in the applicable trust indenture, by all revenues, monies, investments, mortgage loans, and other assets in the funds and accounts of the program. Substantially all of the Authority's assets are pledged as security for the bonds.

The Alabama Water Pollution Control Authority issues bonds to provide funds for the purpose of making loans to certain local government units to construct sewage treatment plants and related facilities. Proceeds from loan agreements are used for payment of debt service related to the bonds.

The Alabama Drinking Water Finance Authority issues bonds to provide funds which are used to make loans to local governments for planning, designing, acquiring, or constructing sanitary drinking water and related facilities. Proceeds from the loan agreements are used for payment of debt service related to the bonds.

The boards of the various institutions of higher education have numerous bond issues outstanding for a variety of purposes. Most were issued for the construction, renovation, and acquisition of buildings for various purposes, including classrooms, research facilities, dormitories, student centers, dining facilities, hospitals, and athletic facilities.

COMPONENT UNITS, Continued **Revenue Bonds**	**Date Issued**	**Final Maturity Date**	**Interest Rates**	**Bonds Payable Sept. 30, 2014**
Alabama Housing Finance Authority				
Single Family Bond Programs	2000-2010	2015-2039	Various	$ 290,332
Alabama Water Pollution Control Authority				
Revolving Fund Loan Bonds	2003-2011	2016-2023	2.00% to 4.38%	121,790
Alabama Drinking Water Authority				
Revolving Fund Loan Bonds	2005-2014	2024-2027	0.05% to 5.25%	107,350
Alabama Space Science Exh Finance Authority	2005-2010	2026-2029	4.33% to 5.77%	11,576
Higher Education				
University of Alabama - Tuscaloosa	2005-2014	2019-2044	1.00% to 6.28%	903,490
University of Alabama - Birmingham	1993-2013	2015-2044	0.20% to 5.80%	939,671
University of Alabama - Huntsville	1980-2013	2016-2043	0.74% to 6.13%	106,036
Athens State	2007-2010	2027-2030	various	13,060
Alabama A&M University	1980-2007	2018-2032	3.00% to 5.00%	47,775
Alabama State University	1965-2012	2016-2042	2.00% to 5.40%	222,066
Auburn University	1978-2014	2015-2042	2.00% to 5.49%	715,231
Jacksonville State University	2009-2014	2023-2039	various	76,050
University of West Alabama	2010-2012	2041-2042	various	52,920
University of Montevallo	1985-2012	2016-2035	1.34% to 4.00%	26,278
University of North Alabama	2010-2014	2024-2044	2.00% to 6.55%	77,385
University of South Alabama	1999-2014	2018-2038	2.14% to 5.25%	390,466
Troy University	2005-2014	2019-2029	various	117,940
Total Revenue Bonds Payable				4,219,416
Less: Unamortized Discounts				(3,201) †
Plus: Unamortized Premium				85,623 §
Net Revenue Bonds Payable, Component Units				**$ 4,301,838**

† Unamortized discounts were $29 for the University of South Alabama, $173 for the University of Montevallo, $123 for Jacksonville State University $1,078 for the University of North Alabama, $1,357 for Alabama State University and $441 for the University of West Alabama.

§ Unamortized premiums were $38,443 for the University of Alabama - Tuscaloosa, $29,572 for Auburn University, $5,134 for the University of South Alabama, $1,399 for the Water Pollution Control Authority, $849 for Alabama State University, $1,996 for Alabama A & M University, $5,984 for University of Alabama - Birmingham, $12 for the University of West Alabama, $549 for the Alabama Drinking Water Authority, $272 for the University of Alabama - Huntsville and $1,413 for the University of North Alabama.

COMPONENT UNITS
Debt Service Requirements to Maturity
(Amounts in Thousands)

Maturity	Principal		Interest	Total
2015	$ 159,729		$ 174,138	$ 333,867
2016	144,536		171,143	315,679
2017	221,565		167,140	388,705
2018	168,455		161,074	329,529
2019	156,766		155,721	312,487
2020-2024	792,758		675,358	1,468,116
2025-2029	803,708		502,013	1,305,721
2030-2034	802,163		337,870	1,140,033
2035-2039	693,820		149,901	843,721
2040-2044	275,916		21,405	297,321
Total	4,219,416	†	**$ 2,515,763**	**$ 6,735,179**
Unamortized Discount	(3,201)			
Unamortized Premium	85,623			
	$ 4,301,838			

† The above table shows interest in the year it will be paid, not the year it is accrued.

4. Refunded Bonds

Advance refunding bonds are issued to retire existing bonds. A portion of the proceeds from the sale of the refunding bonds is deposited with an escrow agent according to an escrow trust agreement. The proceeds are invested by the escrow agent in certain U.S. Treasury obligations in such amounts with certain maturities to provide sufficient funds to pay the remaining maturing principal and interest on the refunded bonds as they become due. The refunded bond debt is considered to be retired for financial reporting purposes even though the debt is still legally outstanding and the issuer of the bonds has not been released from the debt obligations. The U.S. Treasury obligations constitute a trust fund to be held by the escrow agent for the benefit of the holders of the refunded bonds. Advance refundings and early redemptions are discussed in the remainder of this section.

On August 1, 2014, General Obligation Bonds, Series 2014-A were issued in the amount of $187,085,000 with effective interest rates of 0.6 percent to 2.6 percent. An original premium of $35,255,000 was received on the sale of the bonds. The proceeds were used to refund, on an advance basis, $38,385,000 of Series 2006 bonds (partially refunded) and $161,550,000 of Series 2007 bonds (partially refunded). The refunding resulted in an accounting loss of $16,673,000. Also, the refunding resulted in an economic gain of $18,088,000 and a reduction in cash flows required to service the new debt compared to cash flows required to service old debt of $20,461,000.

On May 15, 2014, the Alabama Public School and College Authority issued Revenue Bonds, Series 2014-A in the amount of $80,065,000 with effective interest rates of 0.2 percent to 2.72 percent. An original premium of $11,929,000 was received on the sale of the bonds. The proceeds were used to fully refund, on an advance basis, $55,075,000 of Series 2005 bonds and $37,810,000 of Series 2006 bonds. The refunding resulted in an accounting gain of $859,000. Also, the refunding resulted in an economic gain of $7,175,000 and a reduction in cash flows required to service the new debt compared to cash flows required to service old debt of $15,785,000.

On July 1, 2014, the Alabama Public School and College Authority issued Revenue Bonds, Series 2014-B in the amount of $546,850,000 with effective interest rates of 1.26 percent to 2.80 percent. An original premium of $107,412,000 was received on the sale of the bonds. The proceeds were used to partially refund, on an advance basis, $574,150,000 of Series 2007 bonds. The refunding resulted in an accounting loss of $57,906,000. Also, the refunding resulted in an economic gain of $31,067,000 and a reduction in cash flows required to service the new debt compared to cash flows required to service old debt of $35,366,000.

Advance refunded bonds with remaining balances at September 30, 2014:

Primary Government	Amount
General Obligation 2005-A	$ 62,525,000
General Obligation 2006-A	38,385,000
General Obligation 2007-A	161,550,000
Alabama Public School & College Authority 2005-A	55,075,000
Alabama Public School & College Authority 2006-A	37,810,000
Alabama Public School & College Authority 2007	574,150,000
Component Units	
University of Alabama in Tuscaloosa	25,100,000
Alabama Space Science Exhibit Finance Authority	7,875,000

5. Arbitrage

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt subsequent to August 1986, to calculate and rebate arbitrage earnings to the Federal Government. The U.S. Treasury has issued regulations on calculating the rebate amount and complying with the provisions of the Tax Reform Act of 1986. Governmental issuers must comply with the rebate regulation in order for their bonds to maintain tax-exempt status.

The regulations require the excess of the aggregate amount earned on investments purchased with bond proceeds over the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield to be rebated to the federal government. Income earned on excess earnings is also subject to rebate. Rebate payments, if required, are due at least once every five years over the life of the bonds. Bond issues with arbitrage liabilities outstanding at September 30, 2014, were as follows:

Component Units	Amount
Water Pollution Control Authority	$ 88,000

This list is based upon incomplete data since some bond issues have not yet been included in arbitrage calculations. Any refunded bond issue is subject to the rebate requirement until the last bond is redeemed. Bond issues that have already been redeemed may be subject to additional payments if an arbitrage rebate or spending payment is owed and has not been paid.

6. Bonds Authorized But Not Issued

(Amounts in Thousands)

Primary Government	Authorized	Issued	Unissued
General Obligation Bonds ϕ			
State of Alabama	$ 750,000	$ 523,500	$ 226,500
Federal Aid Highway Finance Authority	Based on amount received in federal funds		
Farmers Market Authority	10,000	-	10,000
Highway Authority	20,000	7,000	13,000
Corrections Institution Finance Authority	83,000	19,000	64,000
Public Health Finance Authority	45,000	-	45,000
Public Health Care Authority	Unlimited		
Parking Deck Authority	13,000	-	13,000
Garrett Coliseum Redevelopment Corporation	100,000	-	100,000
Gulf State Park Authority	70,000	-	70,000
Alabama Toll Road, Bridge and Tunnel Authority	Based on Authority's construction of toll road, bridge or tunnel projects payable from tolls and other revenues		
State Industrial Development Authority †	100,000	38,390	61,610
Mental Health Finance Authority	100,000	99,981	19
Alabama Public School and College Authority-Pool Bonds	Unlimited		
Alabama Public School and College Authority-Capital Improvement Bonds	308,000	205,710	102,290
Total Reporting Entity	**$ 1,599,000**	**$ 893,581**	**$ 705,419**

ϕ Constitutional amendment 666, as amended, limits the aggregate outstanding general obligation bonds to $750,000,000. The aggregate limit does not include general obligation bonds authorized by other constitutional amendments.

† The State Industrial Development Authority is authorized to issue a total of $100,000,000 in bonds in addition to any bonds authorized prior to 1991. No more than $40,000,000 in aggregate principal amount of such bonds may be outstanding at any one time. At September 30, 2014, there were no bonds outstanding.

7. Hedging Derivatives

University of South Alabama - On February 27, 2007, the University of South Alabama Research and Technology Corporation entered into a derivative transaction with Wells Fargo Bank, N.A. (successor to Wachovia Bank, N.A. the original counterparty). The derivative is a "receive variable, pay fixed" interest rate swap entered into in connection with the promissory note that came into effect upon conversion of the construction loan into a permanent loan on May 1, 2008. The Corporation utilizes the interest rate swap to convert its variable rate on the promissory note to a synthetic fixed rate. The promissory note came into effect on May 1, 2008, upon conversion of the construction loan. Also, on May 1, 2008, the interest rate swap associated with the loan became effective. The swap will terminate on May 1, 2028, when the loan matures. The notional amount of the swap will at all times match the outstanding principal amount of the loan. Under the swap, the Corporation pays the counterparty a fixed payment of 6.10 percent and receives a variable payment of the one-month LIBOR rate plus 0.85 percent. The Corporation paid $762,000 and $789,000 under the interest rate swap agreement for the years ended September 30, 2014 and 2013, respectively, which is reflected as an increase in interest expenses.

Fair Value. At September 30, 2014 the negative fair value of the interest rate swap is $(3,053,000), reflecting a increase in fair value of $172,000 over fiscal year 2013. The changes in fair value are reported as deferred outflows on the Statement of Net Position since the interest rate swap is a hedging derivative instrument. The fair value of the interest rate swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement.

Interest Rate Risk. On the Corporation's "receive-variable, pay-fixed" interest rate swap, as LIBOR decreases, the net payment on the swap increases.

Credit Risk. As of September 30, 2014, the Corporation was not exposed to credit risk on the interest rate swap because it had a negative fair value. However, if interest rates change and the fair value of the derivative becomes positive, the Corporation would have a gross exposure to credit risk in the amount of the derivatives' fair value. The counterparty was rated Aa3 by Moody's Investors Services and AA- by Standard & Poor's Ratings Services as of September 30, 2014.

Termination Risk. The interest rate swap contracts use the International Swaps and Derivatives Association, Inc. Master Agreement, which includes standard default and termination events, such as failure to make payments, breach of agreement, and bankruptcy. At September 30, 2014, no events of default or termination had occurred. If the interest rate swap is terminated, interest rate risk associated with the variable rate debt would no longer be hedged. Also, if at the time of termination the interest rate swap had a negative fair value, the Corporation would be liable to the counterparty for a payment equal to the interest rate swap's fair value. To allow the Corporation the maximum flexibility to manage the utilization of Building II and III while at the same time providing protection for the counterparty, the Corporation granted the counterparty a $2,000,000 mortgage secured by an interest in the ground lease with respect to the parcel of land on which Building II stands, an interest in Building II, a security interest in Building II tenant leases, and a security interest in income received from rental of Building II.

Alabama State University – Alabama State University has entered into a pay-fixed interest rate swap agreement with J. P. Morgan Chase Bank with an objective of hedging cash flows on its Series 2004 Series General Revenue bonds with an effective date of August 27, 2004 and a maturity date of March 1, 2033. The terms of the agreement are for the University to pay 3.222 percent and receive 68 percent of the 30 day LIBOR rate. The notional amount at September 30, 2014 was $21,750,000 and the hedging derivative liability was a negative $3,427,060. The $1,938,000 increase in fair value is reported in deferred outflows on the Statement of Net Position.

As of September 30, 2014, the synthetic interest rates on the swapped portion of the 2004 general revenue bonds were 3.11 percent. The fair value of the pay-fixed rate swap was estimated through forecasting expected cash flows that are discounted. The University's interest rate swap hedging derivatives have been determined to be effective using the synthetic instrument method.

Interest Rate Risk. The University is exposed to interest rate risk on its interest rate swap. The fair value of this instrument is sensitive to interest rate changes. Because rates have changed since the effective date of the swap, a negative fair value existed at September 30, 2014. The negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating lower synthetic interest rates. Because the coupons on the University's variable-rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases. As the yield curve rises, the value of the swap will increase and as rates fall, the value of the swap will decrease.

Credit Risk. As of September 30, 2014, the University is not exposed to credit risk because the swap has a negative fair value. However, should interest rates change and the fair value of the swap become positive, the University would be exposed to credit risk in the amount of the derivatives' fair value.

Basis Risk. The University receives 68 percent of 1-month LIBOR Index from J.P. Morgan Chase Bank (JPM) and pays a floating rate to its bondholders set by the Remarketing Agent. The University incurs basis risk when its bonds trade at a yield above 68 percent of 1-month LIBOR Index. If the relationship of the University's bonds trade to a percentage of LIBOR greater than 68 percent, the University will experience an increase in debt service above the fixed rate on the swap.

Termination Risk. The interest rate swap agreement has a stated termination date of March 1, 2033; however, the University and counterparty, JPM have the right to terminate the agreement prior to such date upon the occurrence of certain extraordinary events, and further, JPM has retained an option to terminate the agreement at any time on or after March 1, 2012 for any reason with no obligation to make any termination payment other than the amount of any regular periodic payment accruing to the termination date. In addition, if the University terminates the agreement prior to March 1, 2033, the University would be liable to the counterparty for a payment equal to the swap's negative fair value.

Rollover Risk. The University is not exposed to rollover risk, because the maturity dates for hedged variable-rate bonds and the interest rate swap agreement are the same, March 2033.

8. Notes, Mortgages, and Capital Leases

Debt Principal Requirements to Maturity
(Amounts in Thousands)

Maturity	Governmental Activities Principal	Business-Type Activities Principal	Component Units Principal
2015	$ 20,978	$ 2,431	$ 23,114
2016	18,044	2,261	19,376
2017	17,029	406	18,808
2018	15,449	185	18,827
2019	14,371	149	16,240
2020-2024	71,463	966	98,271
2025-2029	71,858	-	53,735
2030-2034	33,147	-	46,346
2035-2039	4,920	-	28,347
2040-2044	1,123	-	-
2045-2047	90	-	-
Total	268,472	6,398	323,064
Interest	(83,526)	(550)	(126,509)
Net	**$ 184,946**	**$ 5,848**	**$ 196,555**

At September 30, 2014 assets recorded under capital leases were as follows (amounts expressed in thousands):

	Governmental Activities
Buildings	$ 147,329
Equipment	8,158
Less: accumulated depreciation	(51,830)
Total	**$ 103,657**

The State leases office buildings and equipment with varying terms and options. Most buildings under capital lease have a term of twenty-five to thirty years, but can range from twenty to forty years. Capital leases are recorded at the lower of the present value of the future minimum lease payments or fair market value. Principal and interest capital lease payments are recorded as expenditures of the applicable governmental function in the governmental fund. The largest capital leases in governmental activities are for buildings in county facilities used by the Department of Public Health and the Department of Human Resources.

9. Changes in Noncurrent Liabilities

(Amounts in Thousands)		Beginning Balance (As Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government						
Governmental Activities:						
Bonds Payable:						
General Obligation Bonds		$ 660,195	$ 187,085	$ 236,455	$ 610,825	$ 39,180
Revenue Bonds		3,356,157	755,900	893,405	3,218,652	222,015
Total Bond Principal		4,016,352	942,985	1,129,860	3,829,477	261,195
Plus: Premiums		270,077	165,400	66,197	369,280	-
Less: Discounts		337	-	27	310	-
Total Bonds Payable		4,286,092	1,108,385	1,196,030	4,198,447	261,195
Capital Leases/Notes/Mortgages		189,677	7,600	12,331	184,946	12,784
Claims & Judgments		58,466	11,006	8,844	60,628	4,242
Compensated Absences	†	280,197	23,175	24,158	279,214	2,802
Other Long-Term Liabilities	††	1,416	-	162	1,254	-
Other Post-Employment Benefits		806,244	212,101	82,741	935,604	-
Total Governmental Activities		**5,622,092**	**1,362,267**	**1,324,266**	**5,660,093**	**281,023**
Business-type Activities:						
Revenue Bonds		658,268	6,000	30,776	633,492	24,794
Capital Leases/Notes/Mortgages		5,442	1,164	758	5,848	739
Claims & Judgments		24,030	24,310	25,981	22,359	17,732
Compensated Absences	†	30,127	659	211	30,575	4,601
Other Long-Term Liabilities	‡	13,105	2,571	1,979	13,697	-
Other Post-Employment Benefits		34,188	9,317	3,634	39,871	-
Total Business-Type Activities		**765,160**	**44,021**	**63,339**	**745,842**	**47,866**
Total Primary Government		**$ 6,387,252**	**$ 1,406,288**	**$ 1,387,605**	**$ 6,405,935**	**$ 328,889**
Component Units:						
Revenue Bonds		$ 4,295,902	$ 477,568	$ 471,632	$ 4,301,838	$ 159,728
Arbitrage		134	-	46	88	-
Capital Leases/Notes/Mortgages		194,538	26,869	24,852	196,555	13,226
Compensated Absences	†	156,622	10,303	2,279	164,646	144,368
Claims & Judgments		106,776	1,235,545	1,222,378	119,943	119,943
Other Long-Term Liabilities	§	118,448	8,463	2,859	124,052	-
Other Post-Employment Benefits		9,974	2,722	1,062	11,634	-
Total Component Units		**$ 4,882,394**	**$ 1,761,470**	**$ 1,725,108**	**$ 4,918,756**	**$ 437,265**

† Compensated Absences debt is liquidated proportionately by all funds having payroll costs.

†† Other Long-term liabilities are payable as follows: Department of Finance, $1,253.

‡ Other Long-term liabilities are payable as follows: State Port Authority, $10,905, and Alabama College System, $2,792.

§ Other Long-term liabilities are payable as follows: University of Alabama, $28,225, Auburn University, $43,462, University of South Alabama, $48,645, University of North Alabama, $293, Alabama State University, $3,427.

NOTE 6 - INTERFUND ACTIVITY AND INTRA-ENTITY BALANCES

A. Interfund Balances

Interfund balances as of September 30, 2014 consisted of (amounts in thousands):

	DUE FROM												
DUE TO	General Fund	Education Trust Fund	Alabama Trust Fund	Medicaid Fund	Public Road & Bridge Fund	Public Welfare Trust Fund	Nonmajor Govern-mental	Unem-ployment Compen-sation	Alcoholic Beverage Control Board	Nonmajor Enterprise Funds	Internal Service Funds	Fidu-ciary Funds	Total
General Fund	$ 0	$ 191	$ 0	$ 0	$ 22	$ 0	$ 1,742	$ 0	$ 17,585	$ 0	$ 19	$ 0	$ 19,559
Education Trust	-	-	-	-	-	-	586	-	464	-	-	-	1,050
Alabama Trust	161,566	92,589	-	-	-	-	-	-	-	-	-	-	254,155
Medicaid Fund	250	760	-	-	-	2,544	19,184	-	-	-	24	-	22,762
Public Road & Bridge Fund	47	20	-	-	-	158	3,070	-	-	-	167	-	3,462
Public Welfare Trust Fund	-	-	-	8,344	-	-	746	-	6,590	-	-	-	15,680
Nonmajor Governmental	9,043	6,184	6	53,741	1,891	2,120	18,573	6,501	2,821	1,070	175	-	102,125
Unemployment Compensation	-	-	-	-	-	-	34	-	-	-	-	-	34
Alcoholic Beverage Control Board	-	-	-	-	-	-	202	-	-	-	-	-	202
Nonmajor Enterprise Funds	80	-	-	-	-	-	10,172	-	-	-	675	-	10,927
Internal Service Funds	1,665	1,071	-	3,169	1,142	2,065	10,588	-	299	9,999	619	8	30,625
Fiduciary Funds	1	-	-	-	-	1	3	-	-	-	-	-	5
Totals	$ 172,652	$ 100,815	$ 6	$ 65,254	$3,055	$ 6,888	$ 64,900	$ 6,501	$ 27,759	$ 11,069	$ 1,679	$ 8	$ 460,586

The majority of the interfund balances due to the Nonmajor Governmental Funds from the General Fund, Education Trust Fund, Medicaid, Unemployment Compensation Fund, and the Nonmajor Governmental Funds consist of routine short term borrowings of cash between funds of individual agencies.

The General Fund has the most interfund payables, $172,652,000 in total. Of that amount, $161,566,000 is to repay the General Fund Rainy Day Account within the Alabama Trust Fund which was used to alleviate a budget shortfall in fiscal year 2010. Pursuant to Amendment No. 803 *Constitution of Alabama 1901*, the Legislature must provide for the replenishment of the account within ten years after withdrawal.

The Education Trust Fund has the second most interfund payables, $100,815,000 in total. Of that amount, $92,589,000 is to repay the Education Trust Fund Rainy Day Account within the Alabama Trust Fund which was used to alleviate a budget shortfall in fiscal year 2009. Pursuant to Amendment No. 803 *Constitution of Alabama 1901*, the Legislature must provide for the replenishment of the account within six years after withdrawal.

Medicaid owed $8,344,000 to the Public Welfare Trust Fund and $53,741,000 to Nonmajor Governmental Funds. Of the amount owed to Nonmajor Governmental Funds, $40,106,000 is due to Mental Health, $6,501,000 is due to Senior Services, $4,492,000 is due to Public Health, $1,762,000 is due to Youth Services, $861,000 is due to Rehabilitation Services, $18,000 is due to Alabama Law Enforcement Agency, and $1,000 is due to Legislative Reference Services.

Nonmajor Governmental Funds have interfund payables totaling $64,900,000. Of that amount, $19,184,000 is owed to Medicaid, $18,573,000 is owed to other Nonmajor Governmental Funds, and $10,588,000 is owed to Internal Service Funds for goods and services.

The Alcoholic Beverage Control Board (ABC) has interfund payables totaling $27,759,000. ABC owed $17,585,000 to the General Fund and $6,590,000 to the Public Welfare Trust Fund. ABC is required by law to distribute profits and certain taxes collected to those two funds and local governments. The law also allows ABC to delay distribution for 120 days in order to maintain sufficient operating cash.

The Alabama Trust Fund has the largest interfund receivables, $161,566,000 due from the General Fund and $92,589,000 due from the Education Trust Fund, as previously noted. Nonmajor Governmental Funds rank second in interfund receivables, at $102,125,000. Nearly half, or $53,741,000 is due from Medicaid. The Internal Service Funds rank third in interfund receivables, at $30,625,000. The Internal Service Fund receivables generally represent normal billings for services rendered or goods sold to the other funds late in the fiscal year which will be paid early in the subsequent fiscal year. The Medicaid Fund had $22,762,000 in receivables. $12,469,000 of that amount is due from Department of Mental Health, a Nonmajor Governmental Fund.

B. Balances with Component Units

Balances owed by state funds to component units at September 30, 2014, consisted of (amounts in thousands):

	PAYABLE TO		
PAYABLE BY	State Employees' Health Insurance	Nonmajor Component Units	Total
General Fund	$ 0	$ 2	$ 2
Education Trust Fund	-	81	81
Public Road and Bridge Fund	5	28	33
Nonmajor Governmental	6	600	606
Nonmajor Enterprise Funds	451	-	451
Internal Service Funds	226	-	226
Primary Government	-	5,367	5,367
Totals	$ 688	$ 6,078	$ 6,766

Water Pollution Control Authority, a Nonmajor component unit, has a long term receivable of $5,367,000 that is due from the primary government as a whole. The second largest payable of $600,000 is a short term payable owed by Nonmajor Governmental Funds to the Supercomputer Authority and other nonmajor component units. The $451,000 short term payable was owed to the State Employees' Health Insurance by Alabama Health Insurance Plan Fund (AHIP) which is a Nonmajor Enterprise fund. AHIP was designed to make health insurance coverage available to eligible residents of Alabama who lost their employer's health plan after employments have ended.

Balances owed to state funds by component units at September 30, 2014 consisted of (amounts in thousands):

	PAYABLE FROM				
PAYABLE TO	University of Alabama	State Employees' Health Insurance	Public Education Employees' Health Insur	Nonmajor Component Units	Total
Nonmajor Governmental	$ 5,710	$ 619	$ 1,426	$ 4,600	$ 12,355
Nonmajor Enterprise	-	-	-	123	123
Internal Service Funds	-	106	2	43	151
Totals	$ 5,710	$ 725	$ 1,428	$ 4,766	$ 12,629

The component units of the State owe $12,629,000 to various funds of the State. The largest amount, $5,710,000, is owed by the University of Alabama to the Department of Mental Health for the purchase of the Bryce Hospital property and the construction of replacement facilities. $4,600,000 is owed to Nonmajor Governmental funds by Nonmajor Component Units. Of that amount, $3,169,000 is owed by the Water Pollution Control Authority and $1,171,000 is owed by the Drinking Water Finance Authority. Both payables were owed to the Department of Environmental Management primarily for administrative and payroll costs. State Insurance Fund, a Nonmajor Enterprise Fund, financed building renovations for Crime Victims Compensation, a Nonmajor Component Unit in the amount of $113,000 for a period of less than one year. The Internal Service Fund receivable of $151,000 is owed for routine billings of services rendered.

C. Balances between Component Units

There were not any balances owed between component units at September 30, 2014.

D. Interfund Transfers

Transfers among the various funds of the primary government during fiscal year 2014 were as follows (amounts in thousands):

	TRANSFERS IN											
TRANSFERS OUT	General Fund	Ala Trust Fund	Medicaid Fund	Public Road & Bridge Fund	Public Welfare Trust Fund	Non-major Govern-mental	Unemploy-ment Compen-sation	Alabama Community College System	Alcoholic Beverage Control Board	Non-major Enter-prise	Internal Service Funds	Total
General Fund	$ 0	$ 5,000	$ 21,611	$ 0	$ 70,533	$ 236,612	$ 0	$ 0	$ 0	$ 0	$ 7,444	$ 341,200
Education Trust Fund	1,067	-	6,895	-	13,915	135,577	-	295,854	-	3,683	573	457,564
Alabama Trust	249,625	-	-	-	-	75,357	-	-	-	-	-	324,982
Medicaid	-	-	-	-	67,953	674,036	-	-	-	-	1,102	743,091
Public Road & Bridge Fund	-	-	-	-	-	116,885	-	-	-	-	2,016	118,901
Public Welfare Trust Fund	-	-	35,852	577	-	46,717	-	-	-	-	1,808	84,954
Nonmajor Governmental	104,127	1,742	217,092	162,592	1,206	515,716	1,085	1,285	469	-	29,248	1,034,562
Unemployment Compensation	-	-	-	-	-	12,480	-	-	-	-	-	12,480
State Port Auth	-	-	-	-	-	56	-	-	-	-	-	56
Alcoholic Beverage Control Board	19,064	-	-	-	699	2,393	-	-	-	-	650	22,806
Nonmajor Enterprise	-	-	-	-	-	12,382	-	-	-	-	-	12,382
Internal Service Funds	-	-	-	-	-	1,289	-	-	-	-	56	1,345
Fiduciary Funds	-	-	-	-	-	945	-	-	-	-	-	945
Totals	$ 373,883	$ 6,742	$ 281,450	$ 163,169	$ 154,306	$ 1,830,445	$ 1,085	$ 297,139	$ 469	$ 3,683	$ 42,897	$ 3,155,268

Transfers are often made between funds as required by the legislature in the appropriation acts as well as by a variety of existing statutes. Of the $341,200,000 transferred to other funds by the General Fund, $165,359,000 was transferred in compliance with the appropriation acts. Of that amount, $70,533,000 was transferred to the Public Welfare Trust Fund, $40,136,000 was transferred to the Fair Trial Tax Fund, a Nonmajor Governmental Fund, and $37,108,000 was transferred to the Department of Public Health, a Nonmajor Governmental Fund. The remaining General Fund transfers were made in small amounts to comply with a variety of statutes.

Of the $457,564,000 transferred out of the Education Trust Fund, $357,676,000 was transferred in compliance with the appropriation acts. Of that amount, $295,854,000 was transferred to supplement the operations of the Alabama Community College System. The Public Welfare Trust Fund received $13,915,000 and the Mental Health Department received $44,202,000. The remaining Education Trust Fund transfers were made in small amounts to comply with various statutes.

The Alcoholic Beverage Control Board transferred $19,064,000 to the General Fund and $699,000 to the Public Welfare Trust Fund, which represents those funds' statutorily mandated share of the Board's profits.

The Alabama Trust Fund, in compliance with amendments to the *Constitution of Alabama of 1901*, is required to transfer a substantial portion of its earnings to other funds. In compliance with these amendments, the General Fund received $249,625,000, and the Nonmajor Governmental Funds received $75,357,000. Within the Nonmajor Governmental Funds, the Forever Wild Land Trust Fund received $15,000,000, the County Government Capital Improvement Fund received $15,042,000, the Municipal Government Capital Improvement Fund received $15,042,000**,** the Alabama Capital Improvement Trust Fund received $23,015,000, the County and Municipal Capital Improvement Trust Fund received $5,754,000, and the Senior Services Trust Fund received $1,504,000.

NOTE 7 - RISK MANAGEMENT

A. Finance Department Division of Risk Management

The State manages risk through risk control and risk financing to minimize the adverse effects of certain types of losses. Risk financing includes self-insurance through several different funds. The State Insurance Fund provides coverage for state buildings and contents against fire and casualty losses. The General Liability Trust Fund insures state employees against the risk of loss from employment-related liability claims. The State Employee Injury Compensation Trust Fund was created by the 1994 legislature to provide benefits to eligible state employees for job-incurred injury. The State Insurance Fund, the General Liability Trust Fund, and the State Employee Injury Compensation Trust Fund are administered by the Division of Risk Management of the Department of Finance.

There was no significant reduction in insurance coverage by the three Division of Risk Management funds from the prior year. These funds do not have acquisition costs; therefore, no cost is amortized for the period. The funds use the accrual basis of accounting for reporting purposes. As required by GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools," most investments are recorded at fair value. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Estimated claims liabilities are calculated by a professional actuary based on prior claims data. Non-incremental claims adjustment expenses have not been included as part of the liability for any of the funds.

The separately issued financial report of the Division of Risk Management contains additional note disclosures and supplementary information regarding claims development and liabilities.

1. State Insurance Fund

The State Insurance Fund (SIF) was established in 1923 and is under the *Code of Alabama 1975*, Section 41-15-1 for the purpose of insuring direct physical loss on buildings and contents in which title in whole or in part is vested in the State of Alabama or any of its agencies or institutions or in which funds provided by the State have been used for the purchases of land, construction of buildings, purchase or maintenance of any equipment, machinery, furniture, fixtures or supplies in such buildings and public school buildings together with the contents of all such buildings. All covered property shall be insured for no more than its replacement cost and shall be insured for no less than 80 percent of its actual cash value. Salvage value coverage, used on property that is normally uninsurable, is determined by applying eight percent of the property's reconstruction value. City boards of education may insure school buildings and property either in the State Insurance Fund or with an insurance company, whichever in the opinion of such board provides the best coverage for such school buildings and property. The principles of private industry insurance companies are utilized to establish rates, premium discounts, and experience credits to result in equitable premiums charged to policyholders. Excess insurance and reinsurance is acquired to assure the solvency of the fund. The State of Alabama, 122 city and county boards of education, and 19 entities in which State funds were used for capital acquisitions are participants in the pool.

Losses are recorded as current liabilities and expenses in the year reported. IBNR recognizes losses that have occurred but have not yet been reported. This liability and expense is determined by a professional actuary. The SIF has a $10,000,000 cumulative loss annual deductible and a $3,500,000 specific loss deductible for all perils except wind, and a $20,000,000 specific loss deductible for wind losses. Excess insurance covers claims exceeding the deductible with a $200 million limit for named wind storms and a $1.5 billion limit for all other perils. Second event wind coverage for $19,000,000 in excess of $1,000,000 is purchased to provide additional protection to the SIF. Payments received in fiscal years 2014, 2013, and 2012 for settlements in excess of deductibles totaled $15,305,000, $0, and $18,500,000 respectively.

The following table presents the changes in claims liabilities for the past two years:

(Amounts in Thousands)	September 30, 2014	2013
Reported claims payable and estimated claims incurred but not reported at beginning of year	$ 17,862	$ 11,492
Incurred claims and adjustment expenses:		
Provision for insured events of the current year	11,500	30,710
Increase (Decrease) in provision for insured events of prior years	4,447	15,913
Total incurred claims and adjustment expenses	15,947	46,623
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(3,823)	(16,000)
Claims and adjustment expenses attributable to insured events of prior years	(10,525)	(24,253)
Total payments	(14,348)	(40,253)
Reported claims payable and estimated claims incurred but not reported at end of year	$ 19,461	$ 17,862

A schedule of ten-year loss development information for the State Insurance Fund is in the Required Supplementary Information section of the CAFR.

2. General Liability Trust Fund

The General Liability Trust Fund (GLTF) was established in 1984 to protect state employees from personal financial liability resulting from lawsuits that are based on alleged negligence while acting within the line and scope of state employment. Claims are investigated and defended through the Office of the Attorney General. Auto liability is fully reinsured and the re-insurer, American Southern Insurance Company, handles all claims. The GLTF is managed much like a commercial insurance company, with exposure evaluated and commensurate premiums assigned to state agencies. Investment activities are an essential part of the General Liability Trust Fund's ability to maintain lower-cost employee liability coverage. Funds in excess of those needed for immediate operations are invested to maximize return and keep premiums down.

Losses are recorded as current liabilities and expenses in the year reported. IBNR recognizes losses that have occurred but have not yet been reported. This liability and expense is determined by a professional actuary. Excess insurance was procured effective January 15, 2011. The coverage will aggregate paid losses in excess of $500,000 per claim. When these losses exceed $3,000,000 in a policy year, claims in excess of the $500,000 deductible will be reimbursed up to a maximum recovery of $10,000,000 in any policy year. Payments received in fiscal years 2014, 2013 and 2012 for settlements in excess of deductibles for old claims (prior to April 2002) totaled $0, $979,002 and $0, respectively.

The following table presents the changes in claims liabilities for the past two years:

(Amounts in Thousands)	September 30,	
	2014	2013
Reported claims payable and estimated claims incurred but not reported at beginning of year	$ 27,146	$ 27,650
Incurred claims and adjustment expenses:		
Provision for insured events of the current year	6,664	7,000
Increase (Decrease) in provision for insured events of prior years	(5,589)	(3,353)
Total incurred claims and adjustment expenses	1,075	3,647
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(600)	(604)
Claims and adjustment expenses attributable to insured events of prior years	(2,206)	(3,547)
Total payments	(2,806)	(4,151)
Reported claims payable and estimated claims incurred but not reported at end of year	$ 25,415	$ 27,146

3. State Employee Injury Compensation Trust Fund

The State Employee Injury Compensation Trust Fund (SEICTF) was created by the legislature on October 1, 1994. Its purpose is to provide benefits to eligible state employees for job-incurred injury. Benefits under SEICTF are administered by the Department of Finance, Division of Risk Management in accordance with the Alabama Administrative Code and include all reasonable medical expenses arising from a job-incurred injury, lost wages (including benefits for time lost from the job), and benefits to dependents of employees who are fatally injured on the job. Specifically excluded from coverage are employees of the State Port Authority, educational institutions, and local boards of education. A key element in assuring effective and efficient operation of SEICTF was the creation of a statewide medical provider network with a focus on professionals who are experts in treating occupational injury.

Losses are recorded as current liabilities and expenses in the year reported. IBNR recognizes losses that have occurred but have not been reported. This liability and expense is determined by a professional actuary.

The following table presents the changes in claims liabilities for the past two years:

(Amounts in Thousands)	September 30,	
	2014	2013
Reported claims payable and estimated claims incurred but not reported at beginning of year	$ 29,421	$ 28,184
Incurred claims and adjustment expenses:		
Provision for insured events of the current year	5,863	5,950
Increase (Decrease) in provision for insured events of prior years	228	2,015
Total incurred claims and adjustment expenses	6,091	7,965
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(1,724)	(2,330)
Claims and adjustment expenses attributable to insured events of prior years	(3,727)	(4,398)
Total payments	(5,451)	(6,728)
Reported claims payable and estimated claims incurred but not reported at end of year	$ 30,061	$ 29,421

The Department of Transportation finances its own risk for state employee injury compensation. This table includes the changes in claims liabilities for the Department of Transportation as well as Risk Management. Claims liabilities at the beginning of the year for Transportation totaled $10,149,000, and total claims payments were $1,684,000 in 2014. The Department of Transportation had $10,294,000 in claims liabilities at the end of the year.

B. Health Insurance Plans

1. State Employees' Insurance Plan

The State Employees' Insurance Plan (SEIP) was established in 1965 by Alabama Act No. 833 to provide health insurance benefits for state employees. The SEIP is administered by the State Employees' Insurance Board (SEIB). The monthly premiums for employee and dependent coverage are determined annually and are set at a rate necessary to provide sufficient funds to pay all claims and reasonable expenses of administering the plans. The State pays a monthly premium for each employee and the employee pays the established dependent premium. The SEIB establishes claims liabilities based on estimates of the ultimate cost of claims (including estimated future retroactive claims adjustments) that have been reported but not settled, and of estimated claims that have been incurred but not reported. Actual claims costs ultimately incurred may vary from estimated claims liabilities should the nature and frequency of actual claims vary from historical claims experience on which the estimates are based. Adjustments of the estimated claims liabilities based on actual results are charged or credited to expense in the periods in which such adjustments are determined.

The SEIB also administers a local government health insurance plan (LGHIP) in the same manner as the SEIP. The following table represents changes in those aggregate liabilities for SEIB during the past two years (approximately 49 percent of claim liabilities are related to the SEIP and the remainder to the LGHIP):

(Amounts in Thousands)	September 30, 2014	2013
Reported claims payable and estimated claims incurred but not reported at beginning of year	$ 42,514	$ 42,379
Incurred claims and adjustment expenses:		
Provision for insured claims of the current year	441,040	435,691
Adjustment to estimated claims incurred but not reported at end of year	73	(1,708)
Total incurred claims and adjustment expenses	441,113	433,983
Payments:		
Claims and adjustment expenses attributable to insured claims of the current year	(412,484)	(404,688)
Claims and adjustment expenses attributable to insured claims of prior years	(25,690)	(29,160)
Total payments	(438,174)	(433,848)
Reported claims payable and estimated claims incurred but not reported at end of year	$ 45,453	$ 42,514

At year-end, unpaid claims liabilities are computed using the gross method without discounting the accrued claims payable. The separately issued financial report contains note disclosures and supplementary information regarding claims development.

2. Public Education Employees' Health Insurance

The Public Education Employees' Health Insurance Fund (PEEHIF) was established in 1983 by the provisions of *Act 83-455* to provide a uniform plan of health insurance for current and retired employees of public educational institutions and to provide a method of funding the benefits related to the plan. The plan is administered by the Public Education Employees' Health Insurance Board (PEEHIB).

The State contributes a specified amount monthly to each respective participating school system. Each participating school system must then pay the employer rate to the PEEHIF each month. The current employer rate per participant of $714 remained the same for 2014 and 2013, respectively. In addition to the employer payments each month, the employee pays certain premium amounts. PEEHIB established claims liabilities based on the actual cost of claims reported but not settled, and estimates of claims that have been incurred but not reported. Actual claims costs ultimately incurred may vary from estimated claims liabilities should the nature and frequency of actual claims vary from historical claims experience on which the estimates are based. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Note that $1,428,000 of unpaid claims at year-end is classified as due to the primary government.

The following table presents the changes in claims liabilities during 2014 and 2013:

(Amounts in Thousands)	September 30, 2014	2013
Unpaid claims and claim adjustment expense at beginning of year	$ 63,199	$ 64,502
Incurred claims and adjustment expenses:		
Provision for insured events of the current year	795,285	776,255
Increase (Decrease) in provision for insured events of prior years	(16)	(2,196)
Total incurred claims and adjustment expenses	795,269	774,059
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(720,923)	(713,057)
Claims and adjustment expenses attributable to insured events of prior years	(63,182)	(62,305)
Total payments	(784,105)	(775,362)
Total unpaid claims and adjustment expenses at end of year	$ 74,363	$ 63,199

The separately issued financial report contains additional note disclosures and supplementary information regarding claims development.

3. Alabama Health Insurance Plan

The Alabama Health Insurance Plan (AHIP) was established to provide health insurance coverage to eligible individuals as an alternative to federal oversight required in the Health Insurance Portability and Accountability Act of 1996. AHIP was established in 1997 under Regulation 115 pursuant to Act 97-713, codified as Section 27-52-1 in the *Code of Alabama 1975,* and is governed by an eight member Board of Directors. The plan provides major medical benefits. The plan provides that participants pay monthly premiums for health insurance coverage. Coverage is also available for eligible dependents of participants. Premiums are determined annually and are set at a rate necessary to provide sufficient funds to pay all claims and reasonable expenses of administering the plan.

In addition to funding via premiums, Regulation No. 115 authorizes the Plan to recoup losses by assessing participating insurers based on their health insurance premiums written in the State for any year in which the Plan incurs a deficit. Assessments in excess of actual losses are to be held in interest bearing accounts and used by AHIP to offset future losses or to reduce future assessments. AHIP obtained funding from assessments totaling $0 and $10,549,000 in 2014 and 2013, respectively.

AHIP established claims liabilities based on estimates of the ultimate cost of claims (including future retroactive claims adjustments) that have been reported but not settled and of estimated claims that have been incurred but not reported. The estimation of claims costs depends on many factors including historical loss experience. Adjustments of the estimated claims liabilities based on actual results are charged or credited to expense in the periods in which such adjustments are determined.

The following table presents the changes in claims liabilities during the past two years:

(Amounts in Thousands)	September 30, 2014	September 30, 2013
Reported claims payable and estimated claims incurred but not reported at beginning of year	$ 2,914	$ 3,098
Incurred claims and adjustment expenses:		
Provision for insured events of the current year	9,953	20,106
Increase (Decrease) in provision for insured events of prior years	(1,590)	(152)
Total incurred claims and adjustment expenses	8,363	19,954
Payments:		
Claims and adjustment expenses attributable to insured events of the current year	(9,357)	(18,382)
Claims and adjustment expenses attributable to insured events of prior years	(1,770)	(1,756)
Total payments	(11,127)	(20,138)
Reported claims payable and estimated claims incurred but not reported at end of year	$ 150	$ 2,914

The separately issued financial report contains additional note disclosures and supplementary information regarding claims development.

4. Alabama State Port Authority

The Alabama State Port Authority is partially self-insured with respect to workers' compensation claims. Each claim for a loss in excess of the established $750,000 or $1,000,000, depending on the classification code of the affected employee, is covered up to a $10 million policy limit. The liability for uninsured claims includes an estimated amount for claims that have been incurred but have not been reported. The following represents changes in those aggregate liabilities for the Authority during the past two years:

(Amounts in Thousands)	September 30, 2014	2013
Reported claims payable and estimated claims incurred but not reported at beginning of year	$ 3,254	$ 2,766
Provision for claims	(91)	919
Total payments	(415)	(431)
Reported claims payable and estimated claims payable incurred but not reported at end of year	$ 2,748	$ 3,254

The separately issued financial report contains additional note disclosures and supplementary information regarding claims development.

NOTE 8 - RETIREMENT PLANS

A. Retirement Systems of Alabama

The Retirement Systems of Alabama (RSA) administers the following three retirement programs for the benefit of state employees, public education employees, and judges: Teachers' Retirement System, Employees' Retirement System, and Judicial Retirement Fund.

1. Plan Descriptions

The Teachers' Retirement System of Alabama (TRS) is a cost-sharing multiple-employer defined benefit pension plan, established as of September 15, 1939, under the provisions of the 1939 *Alabama Acts* 419. The TRS provides retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The Board of Control has responsibility for the general administration and operation of the TRS.

The Employees' Retirement System of Alabama (ERS) is an agent multiple-employer defined benefit pension plan established as of October 1, 1945, under the provisions of the 1945 *Alabama Acts* 515. The ERS provides retirement allowances and other specified benefits for state employees, state police, and on an elective basis, to all cities, counties, towns, and quasi-public organizations. The Board of Control is responsible for the general administration and operation of the ERS.

The Judicial Retirement Fund (JRF) is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, established under the 1973 *Alabama Acts* 1163. The JRF provides retirement allowances and other specified benefits for any Justice of the Supreme Court of Alabama, Judge of the Court of Civil Appeals, Judge of the Court of Criminal Appeals, Judge of the Circuit Court, or office holder of any newly created judicial office receiving compensation from the State Treasury. Act Number 1205 of the legislature of 1975 supplemented the provisions of Act Number 1163 and enlarged the scope and coverage of the JRF to include District and Probate Judges. The Board of Control of the ERS administers and operates the JRF.

The TRS, ERS, and JRF provide retirement benefits as well as death and disability benefits as established by State law. Changes to benefits, including ad hoc cost of living adjustments, must be established by statute. Benefits for TRS and ERS members vest after 10 years of credited service.

Tier 1 employees are those employees who were hired before January 1, 2013. This paragraph describes benefits available to Tier 1 employees. Teachers and state employees who retire after age 60 (52 for state police) with 10 years of credited service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service retirement benefits are calculated by two methods with the member receiving payment under the method which yields the highest monthly benefit: (1) minimum guaranteed, or (2) formula. Under the formula method, members of TRS and ERS (except state police) are allowed 2.0125 percent of their final average salary (highest 3 of the last 10 years) for each year of service. State police are allowed 2.875 percent for each year of state police service in computing the formula method. Disability retirement benefits are calculated in the same manner.

JRF benefits vest from five to eighteen years. Except for justices or judges who were either disabled, elected prior to July 30, 1979, or have at least 25 years of credited service, no justice or judge shall be eligible to receive judicial service retirement pay prior to attaining sixty years of age. Service retirement benefits for justices and judges are dependent upon the particular office held in the judicial branch of government. A retirement benefit is payable upon the request of any member who has: (1) 25 years of credited service (regardless of age), (2) completed 12 years of credited service and has attained age 65, (3) completed 15 years of credited service and whose age plus service equals or exceeds 77, (4) completed 10 years of credited service and has attained age 70, or (5) been elected prior to July 30, 1979 and has 18 years of service (regardless of age). A member eligible to retire who has not requested his retirement benefit to commence at the end of the term in which his seventieth birthday occurs is entitled only to the refund of his contributions (except for members with at least 25 years of credited service). The service retirement benefit for circuit, appellate, and probate judges is 75 percent of the member's salary at the time of separation from service. The service retirement benefit for a district judge is 75 percent of the position's salary immediately prior to retirement.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for TRS and ERS members hired on or after January 1, 2013. Tier 2 TRS and ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of credited service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS and ERS (except State Police) are allowed 1.65 percent of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375 percent for each year of state police service in computing the formula method.

A pre-retirement death benefit is offered in which the account is credited with TRS and ERS employer contributions and investment income on such funds. The pre-retirement death benefit (group term life insurance) is paid in addition to the return of member contributions upon the death of an active TRS or ERS member who has completed at least one year of active membership in the system and whose date of death was within 180 days of the member's last date of actual service. However, a surviving spouse beneficiary of a deceased member who was eligible for service retirement may elect a survivor allowance in lieu of this benefit. The pre-retirement death benefit is equal to the annual earnable compensation of the member as reported to the system for the preceding year ending June 30 for TRS and September 30 for ERS. JRF does not offer a pre-retirement death benefit.

When a member withdraws from service prior to becoming vested, the member's accumulated contributions and a portion of accumulated interest credited to the Annuity Savings account are returned to the member. The portion of accumulated interest, which by law is not payable to the member, is transferred to the Expense Fund.

RSA issued a stand-alone financial report that includes financial statements and required supplementary information (including GASB Statement No. 67 disclosures) for the year ended September 30, 2014. Copies may be obtained by writing to:

The Retirement Systems of Alabama
P.O. Box 302150
201 South Union Street
Montgomery, AL 36130-2150

State Law established the contribution requirements and must be amended by state statute. The law provides that the Boards of Control engage an actuary to prepare an annual valuation of the assets and liabilities of the various reserve funds.

At September 30, 2014, the number of participating employers in each system was as follows:

	TRS	ERS	JRF
Cities	-	292	-
Counties	-	65	67
Other Public Entities	-	513	-
Universities	13	-	-
Post-Secondary Institutions	27	-	-
City & County Boards of Education	138	-	-
State Agencies & Other	31	1	1
Total	**209**	**871**	**68**

2. Summary of Significant Accounting Policies

a. Basis of Accounting

The TRS, ERS, and JRF financial statements are prepared using the economic resources measurement focus and accrual basis of accounting consistent with the plans. Contributions are recognized as revenues when earned, pursuant to plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. The financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board. Under these requirements, the TRS, ERS, and JRF are considered component units of the State of Alabama.

b. Investments

The Boards of Control of the Systems have the responsibility and authority to invest and reinvest available funds, through the Secretary-Treasurer and Investment Committee, in bonds, mortgage-backed securities, common and preferred stock, or other investment vehicles with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use. All plan assets are carried at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Short-term investments are reported at cost, which approximates fair value. Mortgage-backed securities are reported based on future principal and interest payments discounted at the prevailing interest rate for similar instruments. The fair value of real estate investments is based on independent appraisals or cost, when cost approximates fair value. Private placements are generally valued based on the selling price of similar investments sold in the open market. As of September 30, 2014, the TRS and ERS owned debt and equity securities of Raycom Media Corporation which represented approximately 8.06 percent and 8.86 percent, respectively, of the TRS and ERS investments.

3. Contributions Required and Contributions Made

The actuary has computed, as of the date of the latest available actuarial valuations (September 30, 2013 for TRS, ERS and JRF), the estimated present value of benefits payable to retired members, beneficiaries and active members. The actuarial valuations for the TRS, ERS, and JRF are prepared using the entry age method. The present value of all expected benefits payable from each system to the present group of members and beneficiaries is calculated by adding the present value of the expected benefits payable to the active members to the present value of the expected future payments to retired members and beneficiaries.

As required by statute, the TRS, ERS, and JRF provide for employer contributions at actuarially determined rates (expressed as percentages of annual covered payroll) that accumulate sufficient assets to pay benefits when due. The employer contributions required to support the benefits of each system are determined following a level funding approach and consist of a normal contribution, an accrued liability contribution, and a portion to finance administrative costs.

For the September 30, 2013 actuarial valuations for TRS, ERS, and JRF, the normal contribution is determined using the “entry age normal” method. Under this method, a calculation is made to determine the uniform and constant percentage rate of the employer contributions which, if applied to the compensation of the average new member during the entire period of the member's anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on the member's behalf. The amortization method is level percent closed for the September 30, 2013 actuarial valuations for the TRS, ERS, and JRF. The remaining amortization period is 26.5 years for the JRF and 29.9 years for TRS, ERS-state employees, and ERS-state policemen.

The required contribution rate of active plan members for TRS and ERS (excluding state policemen, and certified firefighters, police officers and correctional officers) was 7.5 percent and 6.0 percent of earnable compensation for fiscal year 2014 for Tier 1 and Tier 2 members, respectively. State policemen were required to contribute 10 percent of earnable compensation. JRF members and certified firefighter, police officer, and correctional officer members of the TRS and ERS were required to contribute 8.5 percent of earnable compensation**.** Tier 2 certified law enforcement, correctional officers, and firefighters of the TRS and ERS are required by statute to contribute 7 percent of earnable compensation.

For fiscal year 2014 the required contribution rate of the employer for ERS (state employees) was 12.02 percent and 11.96 percent for Tier 1 and Tier 2, respectively. The employer contribution rate of the employer for TRS was 11.71 percent for Tier 1 and 11.08 percent Tier 2. The employer contribution rate for ERS state policemen Tier 1 and Tier 2 was 35.81 percent and 29.52 percent, respectively. The employer contribution rate for JRF was 35.24 percent.

a. TRS

A schedule of Annual Required Contributions (ARC) and the percentage contributed for the TRS (cost-sharing plan) is shown below:

	Annual Required Contribution *		
	2014	2013	2012
Primary Government	$ 49,719	$ 42,567	$ 43,622
Major Discretely Presented Component Units			
Auburn University	42,684	35,742	34,144
University of South Alabama	24,573	21,879	23,381
University of Alabama	141,816	121,497	120,053

* Amounts in Thousands. In all instances, 100% of the ARC was paid.

b. JRF

The State is required by law to make all employer contributions on behalf of the local governments for JRF. The funded status of the JRF (Cost-sharing plan with a special funding situation) as of the latest actuarial valuation is as follows:

(Amounts in Thousands)	Judicial Retirement Fund
Actuarial Valuation Date	9/30/2013
Actuarial Accrued Liability (AAL)	$ 414,200
Actuarial Value of Assets	243,316
Unfunded Actuarial Accrued Liability (UAAL)	$ 170,884
Funded Ratio	58.7%
Covered Payroll	$ 41,887
UAAL as a Percentage of Covered Payroll	408.0%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Contributions in 2014 for JRF were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at September 30, 2012. The actuarial methods and assumptions for September 30, 2012 and the latest actuarial valuation September 30, 2013 are as follows:

Actuarial Methods for JRF		
Valuation Date:	September 30, 2013	September 30, 2012
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
Asset Valuation Method:	5 Yr Smoothed Market	5 Yr Smoothed Market
Amortization Method:	Level Percent Closed	Level Percent Open
Remaining Amortization Period:	26.5 years	27 years
Actuarial Assumptions for JRF		
Investment Rate of Return:	8%*	8%*
Projected Salary Increases:	4%*	4%*
Cost of Living Increases:	3.25%**	3.25%**

*Includes inflation at 3.0%

**3.25% per year for certain members hired prior to July 30, 1979 and for spouses' benefits subject to increase.

The annual pension cost for the JRF was as follows:

Three-Year Trend Information for JRF

(Amounts in Thousands)

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	10,747	100	0
2013	13,903	100	0
2014	15,790	100	0

c. State Employer Segment of ERS

The funded status of the State employer segment of ERS as of the latest actuarial valuation is as follows:

(Amounts in Thousands)	Employees' Retirement System State Employees and State Policemen
Actuarial Valuation Date	9/30/2013
Actuarial Accrued Liability (AAL)	$ 7,334,260
Actuarial Value of Assets	4,546,692
Unfunded Actuarial Accrued Liability (UAAL)	$ 2,787,568
Funded Ratio	62.0%
Covered Payroll	$ 1,301,770
UAAL as a Percentage of Covered Payroll	214.1%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Contributions in 2014 for agent employer ERS were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at September 30, 2012. The actuarial methods and assumptions for September 30, 2012 and the latest actuarial valuation September 30, 2013 are as follows:

Actuarial Methods for ERS (State Employees and State Policemen)

Valuation Date:	September 30, 2013	September 30, 2012
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
Asset Valuation Method:	5 Yr Market-Related Value	5 Yr Market-Related Value
Amortization Method:	Level Percent Closed	Level Percent Open
Remaining Amortization Period:	29.9 years	30 years

Actuarial Assumptions for ERS (State Employees and State Policemen)

Investment Rate of Return:	8%*	8%*
Projected Salary Increases:	3.75% - 7.25%*	3.75% - 7.25%*
Cost of Living Increases:	None	None

*Includes inflation at 3.0%

The annual pension cost for the State employer segment of ERS was as follows:

Three-Year Trend Information for the State employer segment of ERS

(Amounts in Thousands)

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	134,103	100	0
2013	140,065	100	0
2014	162,614	100	0

B. Other Pension Plans

The State Port Authority administers two single-employer pension plans, the Hourly Plan and the Terminal Railway Plan, for a small number of hourly workers and railway employees. The Peace Officers Annuity and Benefit Fund is a cost-sharing multiple-employer defined benefit pension plan that provides a small additional pension benefit to state and local peace officers beyond that which is paid by the Employees' Retirement System. The Clerks and Registers Supernumerary Fund is a cost-sharing multiple-employer defined benefit pension plan that provides pension benefits to circuit clerks and registrars of courts. These pension plans are not material to the State.

NOTE 9 - DEFERRED COMPENSATION

The State offers employees the opportunity to participate in optional deferred compensation plans created in accordance with Internal Revenue Service Code (IRC) Section 457. The plans are available to all state employees and permit them to defer a portion of their salary until future years. The current value of the employee contributions may be withdrawn upon termination, retirement, death, or an unforeseeable emergency.

It is the opinion of the State's legal counsel that the State has no liability for losses under these plans but does have the duty of due care that would be required of an ordinary prudent investor.

The Public Employees' Individual Retirement Account Fund/Deferred Compensation Plan (RSA-1) is administered and operated by its Board of Control. All members of the Teachers' Retirement System of Alabama, Employees' Retirement System of Alabama, Judicial Retirement Fund, employees of employers eligible to participate in the Employees' Retirement System pursuant to provisions of Code of Alabama 1975 Section 36-27-6, and public officials and employees of the State of Alabama or any political subdivision thereof (collectively, participating employers), are eligible to participate in this plan. At September 30, 2014, net position of the plan totaled $1,790,281,000.

State employees may also participate in the Alabama Deferred Compensation Plan sponsored by the Personnel Board and administered by Great-West Retirement Services. The plan contract requires the assets to be held in trust for the benefit of plan participants. At September 30, 2014, net position of the plan totaled $522,875,000.

NOTE 10 - POSTEMPLOYMENT HEALTH BENEFITS

In addition to the pension benefits described in the Retirement Plans note, the State provides postretirement health care benefits, in accordance with *Code of Alabama 1975*, Section 36-29-10, to all retired state employees through the State Employees' Health Insurance Plan (SEHIP) and, in accordance with *Code of Alabama 1975*, Section 16-25A-17, to all retired employees of state educational institutions through the Public Education Employees' Health Insurance Plan (PEEHIP). The retiree portion of the SEHIP is accounted for through the Alabama Retired State Employees' Health Care Trust and the retiree portion of the PEEHIP is accounted for through the Alabama Retired Education Employees' Health Care Trust (see plan description). Employees covered under these two plans who retire from active service and begin receiving monthly benefits from the Employees' Retirement System of Alabama or from the Teachers' Retirement System of Alabama may elect to continue coverage under the group insurance plan by consenting to have deducted from their monthly benefit payment the difference in the total cost of their insurance coverage and the portion authorized to be expended by the SEHIP or PEEHIP for coverage of such retired employees. The State Employees' Insurance Board

administers SEHIP, and the Public Education Employees' Insurance Board administers PEEHIP. In order to fund the ongoing costs of these other postemployment benefits (OPEB), the State has established two trust funds as described below to comply with GASB Statements 43 and 45.

A. Plan Descriptions

The Alabama Retired Education Employees' Health Care Trust is a multiple employer cost-sharing defined benefit health care plan established as an irrevocable trust in 2007 by Constitutional Amendment 798. As of the latest actuarial evaluation, there were 197 participating employers.

The Alabama Retired State Employees' Health Care Trust is a single employer defined benefit health care plan established as an irrevocable trust in 2007 by Constitutional Amendment 798.

The Public Education Employees' Health Insurance Board issued a stand-alone plan financial report for the Alabama Retired Education Employees' Health Care Trust that includes financial statements and detailed disclosures for the year ended September 30, 2014. A copy may be obtained by writing to:

The Public Education Employees' Health Insurance Board
P.O. Box 302150
201 South Union Street
Montgomery, AL 36130-2150

The State Employees' Insurance Board issued a stand-alone financial report that includes the Alabama Retired State Employees' Health Care Trust financial statements and detailed disclosures for the year ended September 30, 2014. A copy may be obtained by writing to:

State Employees' Insurance Board
P. O. Box 304900
201 South Union Street, Suite 200
Montgomery, AL 36130-4900

B. Summary of Significant Accounting Policies

1. Basis of Accounting
Both Trusts are "other employee benefits trust funds" that operate under the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when earned, pursuant to plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

2. Investments
All plan assets are carried at fair value except short-term investments which are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Mortgage-backed securities are reported based on estimated future principal and interest payments discounted at the prevailing interest rate for similar instruments. Investments not traded on exchanges are valued based on the selling price of similar investments sold in the open market. In those instances where there are no similar investments sold in the open market, an appraisal is performed to determine the fair value of the investments.

C. Funding Policy

The cost of the teachers' health care benefits is paid from the regular appropriations made to individual education entities. The retired employee allocation is funded through the active employee premium. Retirees who are eligible for Medicare benefits must pay $10 per month for the Hospital/Medical coverage while those who are not eligible for Medicare must pay $151 per month for the coverage. Additional premiums are paid for dependents. Optionally, the retirees may use this insurance allocation to purchase two plans of optional insurance offered by PEEHIP with no out-of-pocket cost. The Medicare Part D and Employer Group Waiver Plan subsidy were $1,131,000 and $46,210,000, respectively. Of these amounts, $1,723,000 was an on-behalf payment for the primary government of the State of Alabama and $1,642,000 on-behalf payments of the major discretely presented component units of the State of Alabama. Most of the remaining amount was on-behalf payments for local school boards that are not part of the State's reporting entity.

The State provides health care benefits for retired state employees through SEHIP. For retirees who retired prior to October 1, 2005, the State pays 100 percent of the premium for a retiree who is over 65 and eligible for Medicare. The State pays a portion of the premium for a retiree who is under 65. Under the SEHIP statute, the State contribution per month per retiree is funded on a pay-as-you-go basis through the active employee premiums each agency pays for its active employees. COBRA insurance is also available to state employees who terminate state service, but the employee is liable for the premiums. For retirees who retire other than for disability after October 1, 2005, the employer contribution is less for each year under twenty-five years of creditable coverage and more for each year over 25. For retirees on or after January 1, 2012, the employer contribution is also less for each year under the Medicare age. The retiree is responsible for the amount of contribution not covered by the State. The State may make additional contributions; however no additional funds were contributed during the fiscal year. The Employer Group Waiver Plan subsidy was $7,558,000 for fiscal year 2014. Of this amount, $7,402,000, $81,000, and $75,000, were on-behalf payments for the primary government, the component units, and the fiduciary funds, respectively.

1. Annual OPEB Cost and Net OPEB Obligation

Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, requires additional reporting and disclosures for OPEB plans.

The PEEHIP is a cost-sharing multiple-employer plan. Contribution requirements are determined by statute. In all instances, the state and its discretely presented component units paid 100 percent of the statutorily determined contribution requirements. Therefore, the State has no net OPEB obligation related to the PEEHIP.

The SEHIP is a single employer plan. The following OPEB amounts are for the SEHIP:

(Amounts in thousands)	Primary Government	Component Units	Fiduciary
Annual required contribution	$ 215,919	$ 2,654	$ 1,909
Interest on net OPEB obligation	41,962	516	371
Adjustment to ARC	(36,463)	(448)	(323)
Annual OPEB cost	221,418	2,722	1,957
Contributions made	(86,375)	(1,062)	(764)
Increase in net OPEB obligation	135,043	1,660	1,193
Net OPEB obligation, beginning of year	840,432	9,974	6,569
Net OPEB obligation, end of year	**$ 975,475**	**$ 11,634**	**$ 7,762**

Percentage of annual OPEB cost contributed: 39%

The net OPEB obligation is liquidated proportionately by all funds paying employee health care benefits through SEHIP.

2. Funded Status and Funding Progress

The funded status of the plan for the retired state employees as of the most recent actuarial valuation dated September 30, 2013, was as follows:

Retired State Employees' Health Care Trust (SEHIP)
(Amounts in thousands)

Actuarial Valuation Date	09/30/2013
Actuarial Accrued Liability (AAL)	$ 3,465,784
Actuarial Value of Assets	(142,685)
Unfunded Actuarial Accrued Liability (UAAL)	**$ 3,323,099**
Funded Ratio	4.1%
Covered Payroll	$ 1,344,092
UAAL as a Percentage of Covered Payroll	247.2%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

3. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

The actuarial methods and significant assumptions used to determine the ARC for fiscal year 2014 are as follows:

Actuarial Methods for Retired State Employees' Health Care Trust

Valuation Date:	September 30, 2012
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value of Assets
Amortization Method:	Level Percent of Pay
Remaining Amortization Period:	30 Years
Period Closed/Open:	Open

Actuarial Assumptions for Retired State Employees' Health Care Trust

Investment Rate of Return:	5%
Medical Cost Trend Rate:	
Medicare Eligible	7.0%
Pre-Medicare	8.5%
Ultimate Trend Rate:	
Medicare Eligible	5%
Pre-Medicare	5%
Year of Ultimate Trend Rate:	2017
Dental Trend Rate:	5%

*Includes Inflation at 3%

The assumed investment rate of return reflects the fact that as of September 30, 2012 the Plan had assets in a trust solely to provide benefits to retirees and their beneficiaries. A policy has been established to make regular contributions representing a partial payment toward the ARC each year. If the Plan starts fully pre-funding benefits, the discount rate may be increased to reflect equity investment the fund may have after full pre-funding begins. This investment rate of return assumption is independent of the inflation assumption.

4. Trend Information

The following table details employer contributions to the Alabama Retired Education Employees' Health Care Trust:

	Statutorily Required Contribution*		
(Amounts in Thousands)	2014	2013	2012
Primary Government	$ 15,925	$ 14,872	$ 17,303
Major Component Units			
Auburn University	8,614	8,634	9,766
University of South Alabama	7,963	7,130	7,607
University of Alabama	28,360	25,054	26,734

* 100% of the statutorily required contributions were contributed.

The employer contributions and annual OPEB cost of the SEHIP is presented in the table below.

(Amounts in Thousands)

	Employer Contributions	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	110,768	285,221	39%	700,763
2013	114,618	270,830	42%	856,975
2014	88,201	226,097	39%	994,871

NOTE 11 - RELATED ORGANIZATIONS

The State's officials are responsible for appointing a majority of the members of the boards of other organizations, but the State's accountability for these organizations does not extend beyond making appointments. The State appoints the nine-member board of the Private Colleges and Universities Facilities Authority and a majority of the eleven member board of the Alabama Family Trust Corporation.

NOTE 12 - CONTINGENCIES

A. Grants

The State receives federal grants for specific purposes that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes.

Federal grantor agencies from time to time review state records to determine whether the State has complied with the terms and conditions of grant agreements and federal regulations. Any disallowance resulting from a federal audit may become a liability of the State but cannot be reasonably estimated at this time. It is believed that any liability resulting from a determination of noncompliance will not materially affect the State's financial condition.

B. Tobacco Settlement

As a party to a successful multi-state legal settlement with the tobacco industry, the State received $93 million in fiscal year 2014, $141 million in fiscal year 2013, $94 million in fiscal year 2012, $92 million in fiscal year 2011, $97.2 million in fiscal year 2010, $116.6 million in fiscal year 2009, $106.1 million in fiscal year 2008, $99.0 million in fiscal year 2007, $94.6 million in fiscal year

2006, $101.9 million in fiscal year 2005, $102.6 million in fiscal year 2004, $118.6 million in 2003 and $224.7 million in both 2002 and 2001. This settlement money is intended to compensate the State for smoking related health care costs incurred by various state programs. Because the exact amount of the future settlement amounts is not measurable, no receivable for these amounts is recorded in these financial statements.

C. Litigation

The State is a party to numerous legal proceedings that occur in the normal course of governmental operations, some of which involve potentially significant amounts. The lawsuits involving potentially significant amounts are described below. Other proceedings involving amounts that, when aggregated, have no material effect on the accompanying government-wide financial statements, may have an impact on the related individual state agencies and funds. The monetary impact, if any, of litigation resulting in adverse rulings is usually addressed in subsequent state budgets and modifications of state laws. Due to the uncertainty involving the ultimate outcome and amounts of the unresolved litigation described below, no provision for potential liability has been recorded in the accompanying financial statements.

Blaylock, et al. v. American Tobacco Co., et al., filed in the Circuit Court of Montgomery County is an arbitration proceeding concerning the Master Settlement Agreement (MSA) that was negotiated with the tobacco industry in 1998. The MSA was entered into as a settlement of litigation brought against the participating tobacco products manufacturers by the Attorney Generals of the signatory states to reimburse the states for health care expenses in treating their citizens affected by the use of tobacco products sold by the manufacturers. The MSA contains a provision that allows an adjustment to reduce the payments by the tobacco industry if the MSA has been determined to be a significant factor in the loss of market share by the manufacturers. States will not be subject to a reduction in their payments if it is determined that they diligently enforced their escrow statutes. The 2003 payment has a potential adjustment of $1.2 billion nationwide that could be applied to the states that are determined not to have diligently enforced their escrow statutes during 2003. The question of whether the state was diligent was to be determined by an arbitration panel consisting of three retired Article III federal judges. Before Alabama's arbitration hearing began, a settlement was reached between 22 states including Alabama and the participating manufacturers resolving diligent enforcement determinations through 2012. This settlement provided Alabama with a "one-time" distribution on April 15, 2013 of approximately 48 million dollars in addition to its normal distribution. Six states that did not diligently enforce their escrow statutes must pay the 2003 adjustment to the participating manufacturers for all states. There are several remitter actions nationally attacking the settlement as well as the arbitration awards. If the settlement is not upheld, Alabama's potential share of the non-participating manufacturers' adjustment could be as much as $80 million if Alabama is subsequently determined to have not diligently enforced its escrow statues during 2003. Additional arbitration proceedings would be likely for all of the subsequent years.

The State of Alabama has been involved in settling lawsuits challenging the constitutionality of the franchise tax in effect before 2000. The U. S. Supreme Court ruled that Alabama's franchise tax scheme unconstitutionally discriminated against interstate commerce. The State is continuing to negotiate the last group of settlements with corporations for potential refunds totaling $15 million and accumulated interest of $5 million. The State Legislature enacted laws to remedy the significant loss of revenue.

The State of Alabama Department of Revenue is also involved in significant tax-related lawsuits or actions that challenge the legality of certain taxes or challenge other provisions of tax laws and procedures. Other cases challenge tax assessments made by the Department. These cases have a significant combined potential refund liability or reductions of assessments. Adverse rulings in these cases could also reduce future revenues.

NOTE 13 - DONOR-RESTRICTED ENDOWMENTS

The Uniform Management of Institutional Funds Act, as adopted in Alabama, permits the boards of the educational institutions of the State to allocate an amount of realized and unrealized endowment appreciation as the boards determine to be prudent for donor-restricted endowments. The colleges' policies are to retain the endowments realized and unrealized appreciation with the endowments after the spending rate distributions. Endowments' earnings are classified in accordance with donor restrictions and are reported in the component units as net assets restricted for permanent trust – expendable or non-expendable as appropriate. The Boards of the University of Alabama and University of South Alabama approved a spending rate of 5 percent of a moving three-year average of the fair (unit) value. The other four-year colleges have approved similar spending rate policies with rates ranging between 3 and 6 percent. The net endowment appreciation of the four-year colleges at September 30, 2014 was $137,855,011.

NOTE 14 - SUBSEQUENT EVENTS

Primary Government

Subsequent to the fiscal year end, the Alabama Federal Highway Finance Authority issued Series 2015 Special Obligation Bonds in the amount of $533,175,000 to finance the costs of certain road, bridge, and related improvements.

Component Units

Subsequent to the end of the fiscal year the Housing Finance Authority called approximately $13,345,000 of single-family bonds prior to their scheduled maturities. The Authority also issued $13,500,000 of multifamily bonds (conduit debt). At year end, $6,856,000 of multifamily bonds (conduit debt) were technically in default. The debt is in foreclosure proceedings and is expected to be redeemed in the upcoming fiscal year.

ALABAMA
TENNESSEE
TENNESSEE RIVER
RIVER
RIVER
COOSA
TALLAPOOSA
BLACK WARRIOR
CAHABA R.
RIVER
MISSISSIPPI
RIVER
ALABAMA
TOMBIGBEE
CONECUH R.
PEA R.
GEORGIA
FLORIDA
Gulf of Mexico
GREAT SEAL

REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedule - All Budgeted Funds
For the Fiscal Year Ended September 30, 2014

(Amounts in Thousands)

	GENERAL FUND			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	$ 1,236,431	$ 1,241,887	$ 1,202,604	$ (39,283)
Licenses, Permits and Fees	157,211	157,905	152,910	(4,995)
Fines, Forfeits, and Court Settlements	16,049	16,120	15,610	(510)
Investment Income	12,766	12,822	12,416	(406)
Federal Grants and Reimbursements	-	-	-	-
Other Revenues	3,278	3,292	3,188	(104)
Total Revenues	**1,425,735**	**1,432,026**	**1,386,728**	**(45,298)**
EXPENDITURES				
Administrative Office of Courts	87,236	90,853	90,853	-
Agriculture and Industries	9,604	9,604	9,604	-
Attorney General	7,009	7,009	7,009	-
Auditor	944	1,068	900	168
Commission on Higher Education	-	-	-	-
Corrections	396,285	396,284	388,448	7,836
Economic and Community Affairs	6,364	9,320	9,133	187
Education	-	-	-	-
Emergency Management	9,203	10,464	10,427	37
Examiners of Public Accounts	6,938	6,938	6,938	-
Finance	8,971	8,951	4,685	4,266
Governor	2,029	3,406	2,925	481
Human Resources	-	-	-	-
Labor	803	813	773	40
Legislature	22,363	24,216	20,774	3,442
Medicaid	638,291	638,291	622,437	15,854
Mental Health	-	-	-	-
Postsecondary Education	-	-	-	-
Public Health	34,330	34,330	34,330	-
Public Safety	53,968	53,967	53,955	12
Public Service Commission	-	-	-	-
Rehabilitation Services	-	-	-	-
Revenue	113	113	39	74
Secretary of State	2,675	2,674	1,885	789
Transportation	-	-	-	-
Treasurer	-	-	-	-
Youth Services	7,240	7,240	7,240	-
Colleges and Universities	-	-	-	-
Other	238,868	234,298	212,452	21,846
Total Expenditures	**1,533,234**	**1,539,839**	**1,484,807**	**55,032**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(107,499)**	**(107,813)**	**(98,079)**	**9,734**
OTHER FINANCING SOURCES (USES)				
Transfers In	378,160	379,829	367,815	(12,014)
Transfers Out	(270,661)	(272,016)	(272,016)	-
Insurance Recovery Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	**107,499**	**107,813**	**95,799**	**(12,014)**
Net Change in Fund Balances	**$ 0**	**$ 0**	**(2,280)**	**$ (2,280)**

EDUCATION TRUST FUND				EARMARKED FUNDS			
Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget
Original	Final			Original	Final		
$ 5,767,388	$ 6,066,656	$ 5,802,294	$ (264,362)	$ 1,569,218	$ 1,715,533	$ 1,418,289	$ (297,244)
117	123	118	(5)	467,724	511,335	422,738	(88,597)
-	-	-	-	34,752	37,992	31,409	(6,583)
-	-	-	-	3,209	3,508	2,900	(608)
-	-	-	-	9,207,749	10,066,284	8,322,136	(1,744,148)
322	339	324	(15)	1,064,804	1,164,087	962,391	(201,696)
5,767,827	**6,067,118**	**5,802,736**	**(264,382)**	**12,347,456**	**13,498,739**	**11,159,863**	**(2,338,876)**
-	-	-	-	92,050	96,708	82,269	14,439
-	-	-	-	28,500	28,706	21,113	7,593
-	-	-	-	15,961	16,073	14,032	2,041
-	-	-	-	-	-	-	-
20,256	20,256	20,053	203	1,982	1,982	924	1,058
-	-	-	-	79,285	76,635	58,651	17,984
-	-	-	-	268,187	268,805	189,323	79,482
3,917,551	3,912,667	3,911,701	966	1,569,808	1,574,796	1,092,153	482,643
-	-	-	-	167,642	169,927	59,048	110,879
6,266	6,266	6,266	-	6,643	6,823	5,403	1,420
-	-	-	-	153,673	154,942	118,051	36,891
-	-	-	-	-	3,526	117	3,409
-	-	-	-	2,113,652	2,123,245	1,958,317	164,928
-	-	-	-	108,543	111,543	82,585	28,958
2,449	2,449	1,038	1,411	-	-	-	-
-	-	-	-	5,409,362	5,566,680	5,189,155	377,525
-	-	-	-	895,907	929,756	878,768	50,988
324,019	324,019	324,005	14	24,913	24,913	15,211	9,702
15,427	15,427	15,137	290	740,130	725,934	581,433	144,501
-	-	-	-	111,125	123,041	71,783	51,258
-	-	-	-	21,901	21,901	17,677	4,224
38,787	38,787	38,786	1	134,507	134,507	106,945	27,562
-	-	-	-	143,175	145,339	135,370	9,969
-	-	-	-	15,137	15,137	4,115	11,022
-	-	-	-	1,453,277	2,485,875	1,579,292	906,583
-	-	-	-	5,294	5,991	3,973	2,018
54,355	54,355	53,914	441	27,337	40,337	31,142	9,195
1,074,679	1,075,679	1,075,679	-	-	47	47	-
212,202	216,689	215,456	1,233	1,169,855	1,284,413	1,039,120	245,293
5,665,991	**5,666,594**	**5,662,035**	**4,559**	**14,757,846**	**16,137,582**	**13,336,017**	**2,801,565**
101,836	**400,524**	**140,701**	**(259,823)**	**(2,410,390)**	**(2,638,843)**	**(2,176,154)**	**462,689**
-	-	-	-	2,410,390	2,635,136	2,178,555	(456,581)
(101,836)	(400,524)	(400,524)	-	-	-	-	-
-	-	-	-	-	3,707	3,707	-
(101,836)	**(400,524)**	**(400,524)**	**0**	**2,410,390**	**2,638,843**	**2,182,262**	**(456,581)**
$ 0	**$ 0**	**(259,823)**	**$ (259,823)**	**$ 0**	**$ 0**	**6,108**	**$ 6,108**

REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedule - Budget-to-GAAP Reconciliation
For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	BUDGETARY FUNDS			
	General Fund	Education Trust Fund	Earmarked Funds	Alabama Trust Fund
Net Change in Fund Balance	**$ (2,280)**	**$ (259,823)**	**$ 6,108**	
Reconciliation to GAAP Basis:				
Perspective Differences:				
Reclassification of budgetary funds to GAAP financial statement fund types	-	-	(6,108)	$ 1,360
Basis Differences:				
Accruals of revenues and other revenue adjustments	35,392	55,697		(341)
Accruals of expenditures, expenses and other non-budgeted items	(18,668)	329,923		-
To remove asset purchases treated as budgetary expenditures	16,337	-		-
To remove encumbrances recognized as expenditures	1,896	1,805		240
To recognize prior budget year expenditures/expenses	(2,945)	(5,181)		(274)
To remove budget expenditures/expenses not accrued as liabilities	(5)	67		-
Entity Differences:				
Add net operating results for funds not budgeted				(40,850)
Net Change in Fund Balances/Net Position - GAAP Basis	**29,727**	**122,488**	**0**	**(39,865)**
Fund Balances/Net Position, October 1, 2013, as Restated	**94,534**	**(93,680)**		**2,923,765**
Increase (Decrease) in Inventory	147	-		-
Fund Balances/Net Position, September 30, 2014	**$ 124,408**	**$ 28,808**		**$ 2,883,900**

FINANCIAL STATEMENT CLASSIFICATION

Medicaid Fund	Public Road and Bridge Fund	Public Welfare Trust Fund	Nonmajor Governmental Funds	Enterprise Funds	Internal Service Funds	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds	Component Units
$ (2,423)	$ 78,136	$ (9,421)	$ 40,091	$ (63,402)	$ (16,102)	$ (13,416)	$ (484)	$ (8,231)
14,083	(2,111)	(35,302)	138,991	769	26,261	(566)	50	604
(8,413)	(15,751)	11,598	(131,714)	63,396	(10,718)	19,860	37	1,658
-	-	-	958	3,106	12,793	898	12	460
3,714	33,955	3,469	28,182	1,028	4,489	705	-	3,136
(4,742)	(16,278)	(1,577)	(32,167)	(957)	(909)	-	-	(992)
(36)	(8,242)	3	(7,536)	54	(491)	(101)	(7)	(7)
-	5,468	33,746	(260,880)	139,166	8,631	2,736,806	71,792	497,172
2,183	**75,177**	**2,516**	**(224,075)**	**143,160**	**23,954**	**2,744,186**	**71,400**	**493,800**
(80,324)	**368,091**	**63,247**	**2,638,299**	**1,634,832**	**101,070**	**34,671,219**	**1,290,676**	**10,410,502**
-	58	-	90	-	-	-	-	-
$ (78,141)	**$ 443,326**	**$ 65,763**	**$ 2,414,314**	**$1,777,992**	**$ 125,024**	**$ 37,415,405**	**$ 1,362,076**	**$ 10,904,302**

Budgetary Process

Formulation of the budget begins with the preparation of estimates of expenditure requirements for the next fiscal year by the administrative head of each budgeted agency and institution. These estimates are submitted annually to the Executive Budget Office of the Finance Department on or before the first day of the third month preceding each regular session of the Legislature. The budget is prepared by program elements for each agency. Requested changes in programmatic expenditures over the prior fiscal year must be explained, and proposed capital expenditures must be justified as required by the Executive Budget Office.

The budget document, as finally developed by the Governor, is published and transmitted to the Legislature on or before the second legislative day of each regular session. For each agency, comparative summaries of appropriations and revenues are presented for the prior year, current year, the agency's request for the next year, and the Governor's recommendation for the next year. The recommended appropriation bills indicate the programmatic appropriation to each agency and the source of funds from which each appropriation is to be paid. The Legislature then legally enacts the State budget into law through the passage of a number of bills as Appropriation Acts. Some conditional appropriations are included in the Appropriation Acts. The agencies do not include these conditional amounts in the original budget, unless the conditions have been met before the fiscal year begins.

Approximately $8 million of conditional and other appropriations were distributed to various agencies from the General Fund. The Unified Judicial System, the Emergency Management Agency and the Fair Trial Tax Fund received conditional appropriations in the amounts of $4 million, $1 million, and $1 million, respectively. Some expenditures are required by law to be fully funded and estimated amounts are approved in the General Fund appropriation bill. Increases to these estimated amounts do not require a new bill and are included as other appropriations. Original appropriations to the Departmental Emergency Fund are included in the original budget. Emergency appropriations cannot exceed two percent of the total General Fund appropriation bill.

During fiscal year 2014, a supplemental appropriation of $260 million and a conditional appropriation of $35 million were distributed from the Education Trust Fund (ETF) to the Rainy Day Account within the Alabama Trust Fund. The Department of Veterans Affairs received a supplemental appropriation of $3 million.

The Appropriation Acts budget by agency and program rather than by GAAP basis funds. The State funds its budgetary activities under three budgetary fund groups. The first is the General Fund, which includes many of the general operations of the three branches of government. The second is the Education Trust Fund, which is restricted to funding all levels of educational activity in the State. The third budgetary group is referred to in the budget documents as Earmarked Funds. The Earmarked Funds group includes the operations of most governmental funds of both the primary government and the component units, as well as portions of some proprietary and fiduciary operations.

The Appropriation Acts do not include a revenue budget. At the time of their passage, estimates prepared by legislative and executive branch professional staff assure the legislature that adequate revenues will be available to meet the level of appropriations approved. The Appropriation Acts specify that in addition to the appropriations made, all gifts, grants, or contributions in excess of the amount appropriated are automatically appropriated to be used for the purposes specified in the gift, grant, or contribution. This includes federal funds which are included in the Earmarked Funds. Most of the $1.4 billion increase in the Earmarked Funds is increased federal funds.

Numerous statutes exist which restrict the use of most state revenue sources to specific uses. The General Fund is funded by a wide variety of taxes, licenses, and interest income. The ETF is funded primarily by income taxes and sales taxes. The Earmarked Funds are generally funded by a combination of federal funds, local funds, and specific taxes and licenses. State law also requires that if revenues actually received are inadequate to fund the appropriations, then the appropriations must be prorated to the level that the revenues will support. For the Budgetary Comparison Schedule, the budgeted revenues consist of the amount of budgeted expenditures allocated among the revenue categories in proportion to the actual amounts received.

Budgetary Control

The legal level of control is the agency and program specified in the Appropriation Acts. For example, “Lab Analysis and Disease Control” and “Agricultural Inspection Services” are two programs within the agency of Agriculture and Industries. Below this legal level of control, the professional management of the Finance Department, under the authority of the Governor’s policy, exercises budgetary control at the fund and object level. Each agency must submit an operations plan detailing planned expenditures down to the object level, and then must follow that plan or explain why a change must be made. Allotments of appropriations are made quarterly based on the plans of operations submitted by the agencies.

The Department of Finance enforces both the legal level and the professional management level of budgetary control through automated edits which must be complied with before making expenditures against an appropriation. A change between objects within appropriations for programs (financial management level) must have the approval of the Budget Officer and the Finance Director.

The Budget Management Act legally authorizes the transfer of appropriations between programs within an agency with the approval of the Governor. Any transfers approved by the Governor must be reported to the Legislature. Transfers between agencies, but within the same program, may be made pursuant to interagency agreements executed for the purposes of accomplishing the objectives for which the Legislature made the appropriation. These interagency agreements must also be approved by the Governor. Under the Budget Management Act, the Governor cannot create new budget authority; he can only transfer existing authority.

Both the *Constitution of Alabama of 1901* and the statutes require a balanced budget for annual financial operations. The Finance Department monitors revenue projections during the year to ensure that adequate funds will be available to meet budgeted expenditures. If cash collections do not meet budget projections, the Governor is required to prorate appropriations and restrict allotments to prevent an overdraft or budget deficit in any fiscal year. Within the Alabama Trust Fund, a General Fund Rainy Day Account and an Education Trust Fund Rainy Day Account have been created by constitutional amendment. If proration is declared for the General Fund or the Education Trust Fund, then oil and gas capital payments in the Alabama Trust Fund will be used to fund withdrawals from the Rainy Day Accounts. If proration is declared for the General Fund, Rainy Day withdrawals may not exceed the lesser of (a) ten percent of the previous fiscal year's General Fund appropriations less the total amount of any prior years' withdrawals from the account which have not been repaid to the account, or (b) the average of the estimated available revenue for the General Fund certified by the Finance Director and the Legislative Fiscal Officer prior to the third legislative day of the Regular Session. If proration is declared for the Education Trust Fund, Rainy Day withdrawals may not exceed the lesser of (a) six and one-half percent of the previous fiscal year's Education Trust Fund appropriations less the total amount of any prior years' withdrawals from the account which have not been repaid to the account, or (b) the average of the estimated available revenue for the Education Trust Fund certified by the Finance Director and the Legislative Fiscal Officer prior to the third legislative day of the Regular Session. The Rainy Day Accounts must be replenished within 10 years for the General Fund withdrawals and 6 years for the Education Trust Fund withdrawals. Neither the General Fund nor the Education Trust Fund was prorated in 2014. The General Fund has 6 years to pay back $162 million which was withdrawn in 2010. The Education Trust Fund has a remaining balance of $93 million due in 1 year resulting from a 2009 withdrawal. At the end of fiscal year 2014 there were no funds left that could be drawn from either Rainy Day Account.

The Rolling Reserve Act (Act 2011-3) caps appropriations from the Education Trust Fund (ETF) beginning with fiscal year 2013. The cap is the sum of recurring revenues deposited into the ETF in the last completed fiscal year preceding the calculation year adjusted up or down by: (1) the average annual percentage change in recurring revenues in the 15 completed fiscal years preceding the date on which the calculation is made; (2) if the percentage growth in the ETF for the last completed fiscal year exceeds the 15 year average growth rate, an amount equal to 40 percent of the growth in the last completed year is added to the cap; (3) up to 95 percent of any new revenue enacted for the ETF; and (4) any nonrecurring revenue. The Finance Director and the Legislative Fiscal Officer must certify their computation of the cap at the same time as the certification required by Amendment 803 to the *Constitution of Alabama of 1901* (prior to the third day of each Regular Session). The Act creates an ETF Budget Stabilization Fund to receive revenues in excess of the appropriation cap remaining after paying back transfers from the constitutional ETF Rainy Day Account. This Fund will generally be used to reduce any future proration. Any monetary interest that accrues in this fund will be retained by the fund. Also, the ETF Budget Stabilization Fund didn't receive any money in fiscal year 2014 because revenues in excess of the appropriation cap are being used to repay the ETF Rainy Day Account. When the balance in the ETF Budget Stabilization Fund is equal to 20 percent of the current year's appropriations from the ETF, then the excess funds will be distributed to the ETF Capital Fund, also created in this act. The Capital Fund will be used for capital improvements in public education, including the acquisition of sites and equipment for buildings and facilities, and for the payment on indebtedness incurred for those purposes.

Encumbrance Accounting

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting is used as purchase orders are issued to ensure that purchase orders plus expenditures do not exceed allotment balances. At fiscal year end this control becomes stricter, as purchase orders plus any other obligations or accounts payable incurred against fiscal year appropriations may not exceed allotment balances.

Encumbrances are reported in the year the orders are placed for budgetary purposes in the Budgetary Comparison Schedule. Encumbrances are reported in the year the goods and services are received for GAAP basis financial statements.

Lapsing of Appropriations

All non-capital outlay appropriation balances not reserved by encumbrances or accounts payable lapse at September 30 of each fiscal year. Furthermore, any non-capital outlay appropriation balance not reserved by encumbrances lapses at November 30 following each fiscal year. Encumbrances remain valid for a period of one year following the end of the fiscal year. Balances of encumbrances are reported on the Budgetary Comparison Schedule as expenditures. Capital outlay appropriations for the purchase of land, the construction of buildings, or for the maintenance of roads and bridges of the state highway system continue until the completion of the project.

Budgetary Basis of Accounting and Fund Structure

The State budgets and operates primarily on the budgetary basis which approximates the cash basis with certain material exceptions. During the fiscal year, encumbrances, which represent obligations against current fiscal year appropriations, are accrued. At year end, fund balances are reserved to accrue expenditures for those outstanding encumbrances and estimated accounts payable. In compliance with Amendment 26 to the *Constitution of Alabama of 1901*, the total reservation may not exceed the cash on hand in the State Treasury. Therefore, at year end, cash always equals or exceeds obligations (encumbrances and estimated accounts payable). The Budgetary Comparison Schedule (Non-GAAP Basis) presents comparisons of the adopted budget with actual data on a budgetary basis. The budget excludes funds for all entities operating outside the State Treasury, certain distributive accounts such as those for making distributions to local governments, and most debt service accounts. Since the accounting principles used in the State's budgetary basis of accounting differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of the differences is presented on the schedule. Governmental Accounting Standards Board (GASB) Statement No. 41 requires that budgetary comparison schedules be presented as RSI based on the fund, organization, or program structure that the government uses for its legally adopted budget for a government with significant budgetary perspective differences that result in the government's not being able to present budgetary comparisons for the general fund and each major special revenue fund. The budgetary fund structure for the General Fund group and the Education Trust Fund group is essentially the same as the GAAP fund structure. The Earmarked Fund group does not correspond to a major GAAP fund and these perspective differences are included in the Budget-to-GAAP Reconciliation. The budgets of some major funds are spread throughout various agencies and programs in the Earmarked Fund group. A Detail Schedule of Budget and Actual Expenditures appears in the Governmental Funds subsection of the Combining and Individual Fund Statements and Schedules Section of the CAFR. This schedule provides detailed information at the legal level of control for each individual appropriation item contained in the budget for all budgetary fund groups.

REQUIRED SUPPLEMENTARY INFORMATION
Ten Year Loss Development Information for State Insurance Fund

For the Fiscal Year Ended September 30, 2014

The following table illustrates how the State Insurance Fund's (Fund) earned revenue (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the previous ten years. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's gross earned premiums and reported investment revenue, amounts of premiums ceded, and reported premiums (net of reinsurance) and reported investment revenue. (2) This line shows each fiscal year's other operating costs of the Fund including overhead and loss adjustment expenses not allocable to individual claims. (3) This line shows the Fund's gross incurred losses and allocated loss adjustment expense, losses assumed by reinsurers, and net incurred losses and loss adjustment expense (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called accident year). (4) This section of ten rows shows the cumulative net amounts paid as of the end of successive years for each accident year. (5) This line shows the latest reestimated amount of losses assumed by reinsurers for each accident year. (6) This section of ten rows shows how each accident year's net incurred losses increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known losses, reevaluation of existing information on known losses, and emergence of new losses not previously known.) (7) This line compares the latest reestimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally estimated. As data for individual accident years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature accident years. The columns of the table show data for successive accident years.

(Amounts in Thousands)	Fiscal and Accident Year Ended									
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
1. Premiums and investment revenue:										
Earned	28,012	28,682	31,625	31,505	32,760	32,489	30,401	36,732	40,758	44,343
Ceded	8,866	11,098	15,067	16,582	17,022	16,803	16,625	20,834	26,115	24,153
Net Earned	19,146	17,584	16,558	14,923	15,738	15,686	13,776	15,898	14,643	20,190
2. Unallocated Expenses	1,435	2,012	2,012	3,030	3,273	3,010	2,863	2,774	3,090	3,375
3. Estimated losses and expenses, end of accident year:										
Incurred	15,806	17,978	34,751	9,843	15,975	17,531	113,642	38,861	33,467	11,500
Ceded	990	89	23,973	-	-	5,781	91,228	28,359	2,757	-
Net incurred	14,816	17,889	10,778	9,843	15,975	11,750	22,414	10,502	30,710	11,500
4. Net paid (cumulative) as of:										
End of Accident Year	2,229	6,245	4,617	2,840	5,135	6,493	9,192	3,842	16,000	3,823
One Year Later	10,068	12,391	14,468	6,257	11,681	10,178	16,880	22,703	25,079	
Two Years Later	12,021	14,930	15,893	6,613	14,307	10,241	22,070	4,351		
Three Years Later	12,138	14,977	16,160	6,710	14,310	10,859	21,604			
Four Years Later	12,096	15,160	16,159	6,750	14,312	10,858				
Five Years Later	12,094	15,159	16,158	6,750	14,312					
Six Years Later	12,091	15,159	16,158	6,750						
Seven Years Later	12,089	15,159	16,157							
Eight Years Later	12,087	15,159								
Nine Years Later	12,085									
5. Reestimated ceded losses and expenses	15,668	87	16,293	-	-	2,929	72,691	20,604	1,215	-
6. Reestimated net incurred losses and expenses as of:										
End of Accident Year	14,816	17,889	10,778	9,843	15,975	11,750	22,414	10,502	30,710	11,500
One Year Later	13,801	16,170	16,661	7,535	14,850	10,750	21,000	32,435	29,711	
Two Years Later	13,247	15,133	16,120	7,240	14,606	10,883	22,900	11,045		
Three Years Later	12,292	15,160	16,160	7,072	14,528	10,859	22,062			
Four Years Later	12,096	15,160	16,159	6,750	14,312	10,858				
Five Years Later	12,094	15,159	16,158	6,750	14,312					
Six Years Later	12,091	15,159	16,158	6,750						
Seven Years Later	12,089	15,159	16,157							
Eight Years Later	12,087	15,159								
Nine Years Later	12,085									
7. Increase (decrease) in estimated net incurred losses and expenses from end of accident year	(2,731)	(2,730)	5,379	(3,093)	(1,663)	(892)	(352)	543	(999)	-

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for Employees' Retirement System

For the Fiscal Year Ended September 30, 2014

State Employees and State Policemen
(Amounts In Thousands)

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL)	(B-A) Unfunded AAL	(A/B) Funded Ratio	(C) Covered Payroll	((B-A)/C) UAAL as a % of Covered Payroll
9/30/2008	5,262,934	7,102,856	1,839,922	74.1	1,582,712	116.3
9/30/2009	5,163,233	7,297,454	2,134,221	70.8	1,563,862	136.5
9/30/2010	4,983,745	7,468,682	2,484,937	66.7	1,551,706	160.1
9/30/2011	4,746,479	7,442,779	2,696,300	63.8	1,464,712	184.1
9/30/2012	4,445,771	7,153,509	2,707,738	62.1	1,313,096	206.2
9/30/2013	4,546,692	7,334,260	2,787,568	62.0	1,301,770	214.1

The actuarial assumptions were changed for the projected salary increases. For the September 30, 2010 valuation, projected salary increases ranged from 4.61 percent to 7.75 percent. For the September 30, 2011 valuation, projected salary increases ranged from 3.75 percent to 7.25 percent. The inflation rate used for the actuarial assumptions was changed from 4.5 percent for the September 30, 2010 valuation to 3 percent for the September 30, 2011 valuation. The remaining amortization period was changed three times. For the September 30, 2009 valuation it changed from 20 years for both State employees and State policemen to 30 years for State employees and 26 years for State policemen. For the September 30, 2010 valuation, the remaining amortization period for State policemen changed from 26 years to 30 years. The September 30, 2013 valuation included a change for the remaining amortization period for both State employees and State policemen from 30 years to 29.9 years. The asset valuation method was changed from 5 year smoothed market to 5 year market related value for the September 30, 2012 valuation. The amortization method was changed for the September 30, 2013 valuation from level percent, open to level percent, closed.

The Retirement Systems of Alabama issued a stand-alone financial report that includes financial statements and required supplementary information for the year ended September 30, 2014. Copies may be obtained by writing to:

The Retirement Systems of Alabama
P.O. Box 302150
201 South Union Street
Montgomery, AL 36130-2150

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for Judicial Retirement Fund

For the Fiscal Year Ended September 30, 2014

Judicial Retirement Fund
(Amounts In Thousands)

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL)	(B-A) Unfunded AAL	(A/B) Funded Ratio	(C) Covered Payroll	((B-A)/C) UAAL as a % of Covered Payroll
9/30/2008	259,071	323,428	64,357	80.1	41,167	156.3
9/30/2009	252,646	340,978	88,332	74.1	43,234	204.3
9/30/2010	246,197	358,459	112,262	68.7	43,061	260.7
9/30/2011	235,870	393,635	157,765	59.9	41,826	377.2
9/30/2012	234,300	380,470	146,170	61.6	42,446	344.4
9/30/2013	243,322	414,200	170,878	58.7	41,887	407.9

The actuarial cost method was changed from the projected unit method to the entry age normal method for the September 30, 2011 valuation. Also, actuarial assumptions were changed for the September 30, 2011. The projected salary increases were changed from 5 percent to 4 percent. The cost of living increases were changed from 0 to 3.25 percent per year for certain members hired prior to July 30, 1979 and for spouses' benefits subject to increase. The inflation rate was changed from 4.5 percent to 3 percent. The remaining amortization period was changed twice. For the September 30, 2012 valuation it changed from 30 years to 27 years. The September 30, 2013 valuation included a change for the remaining amortization period from 27 years to 26.5 years. The amortization method was changed for the September 30, 2013 valuation from level percent, open to level percent, closed.

The Retirement Systems of Alabama issued a stand-alone financial report that includes financial statements and required supplementary information for the year ended September 30, 2014. Copies may be obtained by writing to:

The Retirement Systems of Alabama
P.O. Box 302150
201 South Union Street
Montgomery, AL 36130-2150

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for Retired State Employees' Health Care Trust

For the Fiscal Year Ended September 30, 2014

Retired State Employees Health Care Trust
(Amounts In Thousands)

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL)	(B-A) Unfunded AAL	(A/B) Funded Ratio	(C) Covered Payroll	((B-A)/C) UAAL as a % of Covered Payroll
9/30/2011	108,723	3,369,897	3,261,174	3.2%	1,506,539	216.5%
9/30/2012	126,670	3,215,956	3,089,286	3.9%	1,385,013	223.1%
9/30/2013	142,685	3,465,784	3,323,099	4.1%	1,344,092	247.2%

Changes in the actuarial assumptions significantly affect the identification of trends in the amounts reported in the Schedule of Funding Progress. The table below summarizes these changes.

Actuarial Valuation Date	Investment Rate of Return	Medical Cost Trend Rate *		Ultimate Trend Rate	Year of Ultimate Trend Rate	Inflation Rate*
		Medicare Eligible	Pre-Medicare			
9/30/2011	5%	7.5%	9.5%	5%	2017	3.0%
9/30/2012	5%	7.0%	8.5%	5%	2017	3.0%
9/30/2013	5%	6.0%	7.75%	5%	2019	3.0%

*The medical cost trend rate was reduced twice for Medicare-eligible retirees from 7.5 percent to 7.0 percent for the September, 30 2012 valuation, and then from 7.0 percent to 6.0 percent for the September, 30 2013 valuation. The medical cost trend rate for pre-Medicare retirees was reduced twice from 9.5 percent to 8.5 percent for the September, 30 2012 valuation, and then from 8.5 percent to 7.75 percent for the September 30, 2013 valuation. The year of ultimate trend rate was changed for the September 30, 2013 valuation from 2017 to 2019. The effects of these changes are reflected in the actuarial valuations.

The State Employees' Insurance Board issues a stand-alone financial report that includes the Retired State Employees' Health Care Trust financial statements and required supplementary information for the year ended September 30, 2014. A copy may be obtained by writing to:

State Employees' Insurance Board
P. O. Box 304900
201 South Union Street, Suite 200
Montgomery, AL 36130-4900

Modified Approach

As allowed by GASB Statement Number 34, the State has adopted the modified approach for reporting roadway and bridge infrastructure assets. Under the modified approach, depreciation is not recorded. Infrastructure costs that result in an increase in the capacity or an improvement in the efficiency of the infrastructure network are capitalized and added to the historical cost of the assets. Costs that allow the infrastructure network to be used efficiently over the expected useful life of the assets are expensed as general maintenance costs. Certain maintenance costs that extend the useful life of the assets but do not increase capacity or efficiency are classified as preservation costs. Preservation costs are expensed and reported in lieu of a charge for depreciation expense. Assets accounted for under the modified approach in fiscal year 2014 include approximately 10,871 miles of state maintained highways and 5,401 of state maintained bridges and culverts.

In order to utilize the modified approach, Alabama is required to:

- Maintain an asset management system that includes an inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate annually the amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved approximately at or above the established condition level.

Roads

Measurement Scale

The Alabama Department of Transportation uses the International Roughness Index (IRI) to measure and monitor pavement conditions. The IRI is a standard representing the perceived smoothness of pavements while traveling in passenger cars. The smoothness is measured by the cumulative height the wheel of a vehicle travels vertically over a mile long section of roadway. For example, if the wheel of a vehicle travels vertically 1.0 inches every 0.01 miles, the IRI for that 1 mile section of roadway would be the sum of 100 measurements (0.01 X 100 = 1 mile) of 1.0 inches each or 100 inches/mile. A lower IRI measurement represents a smoother condition of pavement.

Data is collected by route samples and complete route assessments when available. If data is collected in route samples, the samples are weighted by route length to give system averages. If data is collected for the complete route, the frequency of collection is every 0.01 mile and no weighting is used in the computation of system averages.

The United States Department of Transportation developed suggested values for IRI of <60 inches/mile to >220 inches/mile to grade the smoothness condition of the roadway. The Alabama Department of Transportation utilizes this scale of suggested values in its roadway condition assessments. The IRI scale is as follows:

IRI Rating	Condition	Description
> 170 Interstates > 220 Other Routes	Poor	Significant Maintenance Required (Resurfacing or Reconstruction)
120-170 Interstates 171-220 Other Routes	Mediocre	Moderate Maintenance Required (Resurfacing or Reconstruction)
95-119 Interstates 95-170 Other Routes	Fair	Routine Maintenance Required (Pavement Patching)
60-94 All Routes	Good	Negligible Maintenance Required
< 60 All Routes	Very Good	No Maintenance Required

Established Condition Level
The weighted average rating of all State maintained roadways shall be "Fair" or better.

Assessed Conditions
The following table represents the most recent condition assessment for roadways classified by Non-Interstate Non-National Highway System Routes, Non-Interstate National Highway System Routes, and Interstate Routes:

	As of September 30,					
	2014		2013		2012	
Category	Miles	Rating	Miles	Rating	Miles	Rating
Non-Interstate Non-National Highway System	6,717	85.99	6,717	84.74	7,196	84.55
Non-Interstate National Highway System	3,155	72.29	3,155	71.24	2,768	66.27
Interstate System	999	70.61	999	69.17	906	69.98
Total and Weighted Average Rating	**10,871**	**80.61**	**10,871**	**79.40**	**10,870**	**78.72**

Bridges

Measurement Scale
ALDOT uses a weighted rating of the major structure components and the deck area of a bridge or culvert. The GASB 34 Bridge Rating is a zero to ten score assigned to each component-rating category and then averaged for each bridge asset classification using an algorithm developed by the ALDOT Maintenance Bureau. The algorithm uses the assessed weighted ratings, each bridge deck area, and the sum of all deck areas. The ten point scale is as follows:

Rating	Condition	Description
1 - 4.99	Marginal	Structural elements have been seriously affected by deterioration.
5 - 6.99	Satisfactory	Structural elements are sound but have minor deterioration.
7 or Greater	Good	Structural elements show negligible signs of deterioration.

Established Condition Level
The weighted average rating of all State maintained bridges and culverts shall be "Satisfactory" or better.

Assessed Conditions
The following table represents the most recent condition assessment for bridges and culverts classified by Non-Interstate Non-National Highway System Routes, Non-Interstate National Highway System Routes, and Interstate Routes:

	As of September 30,					
	2014		2013		2012	
Category	Structures	Rating	Structures	Rating	Structures	Rating
Non-Interstate Non-National Highway System	2,297	6.74	2,290	6.75	2,598	6.68
Non-Interstate National Highway System	1,839	6.69	1,834	6.70	1,641	6.88
Interstate System	1,265	6.10	1,269	6.12	1,151	5.99
Total and Weighted Average Rating	**5,401**	**6.57**	**5,393**	**6.58**	**5,390**	**6.60**

Estimated and Actual Costs

For fiscal years 2014, 2013, 2012, 2011, and 2010, the State estimated it would need to spend $333.1, $334.9, $319.6, $306.0, and $310.0, respectively, to preserve and maintain all roadway assets and $10.0 million in each year to preserve all bridge assets at or above the "Established Condition Levels" presented above. The State spent $468,464,000 for roadway preservation and $80,579,000 for bridge preservation in fiscal year 2014. The State spent $496,695,000 for roadway preservation and $69,060,000 for bridge preservation in fiscal year 2013. The State spent $439,145,000 for road preservation and $52,639,000 for bridge preservation in fiscal year 2012. In fiscal year 2011, the State spent $375,653,000 for road preservation and $60,306,000 for bridge preservation. In fiscal year 2010, the State spent $387,793,000 for roadway preservation and $47,020,000 for bridge preservation. In the next fiscal year, the Alabama Department of Transportation estimates that it will need to spend approximately $309,175,000 to preserve all roadway assets and approximately $10,000,000 to preserve all bridge assets at or above the "Established Condition Levels" presented above. Condition levels are expected to continue to meet or exceed the "Established Condition Levels".

COMBINING BALANCE SHEET
Nonmajor Governmental Funds by Fund Type

September 30, 2014
(Amounts in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals
ASSETS					
Cash and Cash Equivalents	$ 1,433,618	$ 60,740	$ 253,910	$ 181	$ 1,748,449
Investments	669,810	62,376	-	84,824	817,010
Due From Other Funds	96,055	-	6,070	-	102,125
Due From Component Units	6,645	-	5,710	-	12,355
Investment Sales Receivable	5,277	-	-	56	5,333
Accounts Receivable	108,360	-	-	262	108,622
Taxes Receivable	310,396	13,315	-	-	323,711
Due From Other Governments	168,870	-	-	-	168,870
Mortgages, Notes, and Loans Receivable	-	-	-	56	56
Securities Lending Collateral	21,251	82	6	6,563	27,902
Inventory	1,903	-	-	-	1,903
Restricted Assets	3,932	-	-	-	3,932
Other Assets	174	-	-	-	174
TOTAL ASSETS	**$ 2,826,291**	**$ 136,513**	**$ 265,696**	**$ 91,942**	**$ 3,320,442**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Warrants Payable	$ 9,507	$ 0	$ 0	$ 0	$ 9,507
Investment Purchases Payable	12,141	-	-	94	12,235
Due To Other Funds	64,494	-	331	75	64,900
Due To Component Units	606	-	-	-	606
Accounts Payable	271,780	-	222	135	272,137
Due To Other Governments	194,335	-	-	-	194,335
Securities Lending Obligation	21,251	82	6	6,563	27,902
Unearned Revenue	4,857	-	-	-	4,857
Amounts Held in Custody for Others	103,867	-	-	-	103,867
Compensated Absences	1,010	-	-	-	1,010
Total Liabilities	**683,848**	**82**	**559**	**6,867**	**691,356**
Deferred Inflows Of Resources	**214,772**	**0**	**0**	**0**	**214,772**
Fund Balances					
Nonspendable:					
Inventory	1,903	-	-	-	1,903
Permanent Fund Principal	-	-	-	81,652	81,652
Restricted for:					
Economic Development and Regulation	255,132	-	-	-	255,132
Education and Cultural Resources	355,260	-	-	3,113	358,373
Natural Resources and Recreation	75,605	-	-	-	75,605
Health	168,856	-	-	58	168,914
Social Services	155,015	-	-	-	155,015
Protection of Persons and Property	214,873	-	-	-	214,873
Transportation	34,895	-	-	-	34,895
General Government	644,931	-	-	252	645,183
Capital Projects	-	-	265,388	-	265,388
Debt Service	-	136,431	-	-	136,431
Assigned for:					
Economic Development and Regulation	1,149	-	-	-	1,149
Education and Cultural Resources	400	-	-	-	400
Natural Resources and Recreation	60	-	-	-	60
Social Services	839	-	-	-	839
Protection of Persons and Property	28,152	-	-	-	28,152
General Government	11,199	-	-	-	11,199
Unassigned	(20,598)	-	(251)	-	(20,849)
Total Fund Balances	**1,927,671**	**136,431**	**265,137**	**85,075**	**2,414,314**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 2,826,291**	**$ 136,513**	**$ 265,696**	**$ 91,942**	**$ 3,320,442**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Nonmajor Governmental Funds by Fund Type

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals
REVENUES					
Taxes	$ 1,322,909	$ 220,102	$ 0	$ 0	$ 1,543,011
Licenses, Permits, and Fees	483,974	-	101	1,128	485,203
Fines, Forfeits, and Court Settlements	129,634	-	-	-	129,634
Investment Income	37,960	2,624	101	1,791	42,476
Federal Grants and Reimbursements	1,978,745	4,483	-	-	1,983,228
Other Revenues	329,969	18,727	3,291	7	351,994
Total Revenues	**4,283,191**	**245,936**	**3,493**	**2,926**	**4,535,546**
EXPENDITURES					
Current:					
Economic Development and Regulation	109,179	-	-	-	109,179
Education and Cultural Resources	1,318,715	-	34	531	1,319,280
Natural Resources and Recreation	142,739	-	-	-	142,739
Health	1,794,174	-	-	-	1,794,174
Social Services	402,195	-	-	17	402,212
Protection of Persons and Property	530,987	-	-	-	530,987
Transportation	230,839	-	-	-	230,839
General Government	665,350	-	755	10	666,115
Capital Outlay	-	-	49,834	-	49,834
Debt Service - Principal Retirement	4,491	260,442	-	-	264,933
Debt Service - Interest and Other Charges	8,885	185,601	81	-	194,567
Total Expenditures	**5,207,554**	**446,043**	**50,704**	**558**	**5,704,859**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(924,363)**	**(200,107)**	**(47,211)**	**2,368**	**(1,169,313)**
OTHER FINANCING SOURCES (USES)					
Transfers In	1,607,611	218,617	1,346	2,871	1,830,445
Bonds Issued	103,985	-	25,000	-	128,985
Refunding Bonds Issued	3,059	810,941	-	-	814,000
Capital Leases	5,782	-	-	-	5,782
Debt Issuance Premiums	10,805	154,595	-	-	165,400
Insurance Recovery Proceeds	2,129	-	-	-	2,129
Transfers Out	(868,095)	(1,710)	(163,806)	(951)	(1,034,562)
Payments to Refunded Bond Escrow Agent	-	(966,941)	-	-	(966,941)
Total Other Financing Sources (Uses)	**865,276**	**215,502**	**(137,460)**	**1,920**	**945,238**
Net Change in Fund Balances	**(59,087)**	**15,395**	**(184,671)**	**4,288**	**(224,075)**
Fund Balances, October 1, 2013, as Restated	1,986,668	121,036	449,808	80,787	2,638,299
Increase (Decrease) in Inventory	90	-	-	-	90
Fund Balances, September 30, 2014	**$ 1,927,671**	**$ 136,431**	**$ 265,137**	**$ 85,075**	**$ 2,414,314**

ALABAMA
TENNESSEE
TENNESSEE RIVER
RIVER
RIVER
BLACK WARRIOR
COOSA
RIVER
ALLAPOOSA
CHATTAHOOCHEE
RIVER
MISSISSIPPI
GEORGIA
TOMBIGBEE
RIVER
ALABAMA
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

Nonmajor Special Revenue Funds

Nonmajor Special Revenue Funds account for specific revenue sources that are legally restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Public Health Department

Accounts for resources used for the primary operations of the Department of Public Health, which promotes the general physical health, enforces laws relating to public health and operates programs providing preventive and treatment services to the public.

Education Department

Accounts primarily for Federal programs administered by the State Department of Education.

Economic and Community Affairs

The Department of Economic and Community Affairs oversees federal and State programs related to energy management, skills enhancement and employment opportunities, traffic control and accident prevention, and state and regional planning.

Revenues Allocated to Other Governments

Accounts for revenues from taxes and other revenue sources which are shared with local governments and component units.

Other Medicaid Funds

Accounts for activity associated with the Medicaid program that is not reported in the Major Governmental Funds under either the General Fund or the Medicaid Fund.

Mental Health

Accounts for resources used by the Department of Mental Health to care for citizens who suffer from mental illness.

Public School Fund

Accounts for revenues and expenditures which are allocated to local boards of education for support of educational programs.

Alabama Public School College Authority

Accounts for resources used by the Authority, primarily to make grants to local public school systems for capital expenditures.

Labor Department

Administers the employment security, workers compensation, and industrial safety and accident prevention programs.

Conservation and Natural Resources

Is responsible for the management of the State's game and wildlife resources as well as operation of the State parks system.

Twenty-first Century Authority

Accounts for resources used by the Authority for the purpose of making incentive grants to major industries locating or expanding within the State.

Other Nonmajor Special Revenue Funds

Are aggregated for reporting purposes and account for various other resources which must be used for specific purposes.

STATE OF ALABAMA

COMBINING BALANCE SHEET
Nonmajor Special Revenue Funds

September 30, 2014
(Amounts in Thousands)

	Public Health Department	Education Department	Economic and Community Affairs	Revenues Allocated to Other Governments	Other Medicaid Funds
ASSETS					
Cash and Cash Equivalents	$ 76,721	$ 29,155	$ 7,573	$ 77,883	$ 6,286
Investments	-	-	34,941	-	-
Due From Other Funds	11,314	2,390	1,110	957	-
Due From Component Units	2,045	-	-	-	-
Investment Sales Receivable	-	-	-	-	-
Accounts Receivable	12	20	1,390	-	-
Taxes Receivable	219	32	-	24,971	9,359
Due From Other Governments	14,637	106,632	16,319	-	-
Securities Lending Collateral	1,287	627	134	1,645	135
Inventory	-	-	81	-	-
Restricted Assets	-	-	3,101	-	-
Other Assets	-	-	-	-	-
TOTAL ASSETS	**$ 106,235**	**$ 138,856**	**$ 64,649**	**$ 105,456**	**$ 15,780**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Warrants Payable	$ 58	$ 382	$ 974	$ 281	$ 0
Investment Purchases Payable	-	-	-	-	-
Due To Other Funds	10,006	1,311	6,011	5,244	-
Due To Component Units	-	310	-	-	-
Accounts Payable	34,910	6,734	16,063	62	-
Due To Other Governments	63	106,936	2,677	56,421	-
Securities Lending Obligation	1,287	627	134	1,645	135
Unearned Revenue	-	-	-	-	-
Amounts Held in Custody for Others	1	3	5	-	-
Compensated Absences	89	52	9	-	-
Total Liabilities	**46,414**	**116,355**	**25,873**	**63,653**	**135**
Deferred Inflows Of Resources	**0**	**0**	**3,712**	**0**	**0**
Fund Balances					
Nonspendable:					
Inventory	-	-	81	-	-
Restricted for:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	21,462	-	509	-
Natural Resources and Recreation	-	-	-	-	-
Health	59,821	-	-	-	15,645
Social Services	-	1,039	200	-	-
Protection of Persons and Property	-	-	-	7	-
Transportation	-	-	-	22,344	-
General Government	-	-	34,783	18,943	-
Assigned for:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	-	-	-	-
Natural Resources and Recreation	-	-	-	-	-
Social Services	-	-	-	-	-
Protection of Persons and Property	-	-	-	-	-
General Government	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	**59,821**	**22,501**	**35,064**	**41,803**	**15,645**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 106,235**	**$ 138,856**	**$ 64,649**	**$ 105,456**	**$ 15,780**

Mental Health	Public School Fund	Public School and College Authority	Labor Department	Conservation and Natural Resources	Twenty-first Century Authority	Other Special Revenue Funds	Totals
$ 47,804	$ 3,717	$ 233,639	$ 20,041	$ 56,843	$ 22,185	$ 851,771	$ 1,433,618
-	-	-	3,542	587	-	630,740	669,810
43,582	-	-	8,335	512	-	27,855	96,055
-	-	-	-	-	-	4,600	6,645
-	-	-	-	-	-	5,277	5,277
1	-	-	130	972	91,727	14,108	108,360
137,448	131,593	-	-	267	-	6,507	310,396
7,473	-	-	-	3,661	-	20,148	168,870
1,030	80	45	432	1,254	10	14,572	21,251
734	-	-	-	659	-	429	1,903
-	-	-	-	-	-	831	3,932
-	-	-	-	-	-	174	174
$ 238,072	**$ 135,390**	**$ 233,684**	**$ 32,480**	**$ 64,755**	**$ 113,922**	**$ 1,577,012**	**$ 2,826,291**
$ 825	$ 6	$ 406	$ 64	$ 135	$ 0	$ 6,376	$ 9,507
-	-	-	-	-	-	12,141	12,141
12,735	-	1,465	964	760	162	25,836	64,494
-	-	-	-	6	-	290	606
72,838	721	-	5,627	11,613	-	123,212	271,780
7,495	2,426	-	105	642	-	17,570	194,335
1,030	80	45	432	1,254	10	14,572	21,251
-	-	-	-	-	-	4,857	4,857
-	-	-	-	333	-	103,525	103,867
169	-	-	63	156	-	472	1,010
95,092	**3,233**	**1,916**	**7,255**	**14,899**	**172**	**308,851**	**683,848**
102,140	**108,456**	**0**	**0**	**0**	**0**	**464**	**214,772**
734	-	-	-	659	-	429	1,903
-	-	-	-	-	113,750	141,382	255,132
-	23,701	231,768	-	-	-	77,820	355,260
-	-	-	-	49,197	-	26,408	75,605
40,106	-	-	-	-	-	53,284	168,856
-	-	-	17,157	-	-	136,619	155,015
-	-	-	8,068	-	-	206,798	214,873
-	-	-	-	-	-	12,551	34,895
-	-	-	-	-	-	591,205	644,931
-	-	-	-	-	-	1,149	1,149
-	-	-	-	-	-	400	400
-	-	-	-	-	-	60	60
-	-	-	-	-	-	839	839
-	-	-	-	-	-	28,152	28,152
-	-	-	-	-	-	11,199	11,199
-	-	-	-	-	-	(20,598)	(20,598)
40,840	**23,701**	**231,768**	**25,225**	**49,856**	**113,750**	**1,267,697**	**1,927,671**
$ 238,072	**$ 135,390**	**$ 233,684**	**$ 32,480**	**$ 64,755**	**$ 113,922**	**$ 1,577,012**	**$ 2,826,291**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	Public Health Department	Education Department	Economic and Community Affairs	Revenues Allocated to Other Governments	Other Medicaid Funds
REVENUES					
Taxes	$ 2,591	$ 2,476	$ 0	$ 355,631	$ 373,572
Licenses, Permits, and Fees	38,753	831	28	32,131	-
Fines, Forfeits, and Court Settlements	8	-	1,555	-	-
Investment Income	-	-	67	-	-
Federal Grants and Reimbursements	409,349	941,280	168,670	1,784	-
Other Revenues	40,120	31,306	4,161	-	-
Total Revenues	**490,821**	**975,893**	**174,481**	**389,546**	**373,572**
EXPENDITURES					
Current:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	909,365	-	4,560	-
Natural Resources and Recreation	-	-	-	2,098	-
Health	594,396	-	-	378	376,395
Social Services	-	48,106	30,046	-	-
Protection of Persons and Property	-	-	-	197	-
Transportation	-	-	-	207,560	-
General Government	-	-	140,977	227,227	-
Debt Service - Principal Retirement	968	-	-	-	-
Debt Service - Interest and Other Charges	515	-	207	-	-
Total Expenditures	**595,879**	**957,471**	**171,230**	**442,020**	**376,395**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(105,058)**	**18,422**	**3,251**	**(52,474)**	**(2,823)**
OTHER FINANCING SOURCES (USES)					
Transfers In	142,899	1,954	10,174	50,635	30,375
Bonds Issued	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	-
Capital Leases	2,276	-	-	-	-
Debt Issuance Premiums	-	-	-	-	-
Insurance Recovery Proceeds	-	-	-	-	-
Transfers Out	(37,753)	(21,442)	(16,249)	-	(30,375)
Total Other Financing Sources (Uses)	**107,422**	**(19,488)**	**(6,075)**	**50,635**	**0**
Net Change in Fund Balances	**2,364**	**(1,066)**	**(2,824)**	**(1,839)**	**(2,823)**
Fund Balances, October 1, 2013, as Restated	57,457	23,567	37,904	43,642	18,468
Increase (Decrease) in Inventory	-	-	(16)	-	-
Fund Balances, September 30, 2014	**$ 59,821**	**$ 22,501**	**$ 35,064**	**$ 41,803**	**$ 15,645**

Mental Health	Public School Fund	Public School and College Authority	Labor Department	Conservation and Natural Resources	Twenty-first Century Authority	Other Special Revenue Funds	Totals
$ 201,311	$ 171,783	$ 0	$ 4,201	$ 9,628	$ 0	$ 201,716	$ 1,322,909
116	-	-	302	26,171	-	385,642	483,974
-	-	-	121	1,268	92,035	34,647	129,634
-	-	585	16	757	4	36,531	37,960
28,078	-	-	60,152	27,668	-	341,764	1,978,745
20,561	55,491	-	310	50,856	-	127,164	329,969
250,066	**227,274**	**585**	**65,102**	**116,348**	**92,039**	**1,127,464**	**4,283,191**
-	-	-	-	-	3,330	105,849	109,179
-	167,685	149,583	-	-	-	87,522	1,318,715
-	-	-	-	115,064	-	25,577	142,739
723,362	-	-	-	-	-	99,643	1,794,174
-	-	-	66,393	-	-	257,650	402,195
-	-	-	10,884	90	-	519,816	530,987
-	-	-	-	-	-	23,279	230,839
-	-	-	-	-	-	297,146	665,350
-	-	-	57	-	-	3,466	4,491
-	-	3,022	5	-	13	5,123	8,885
723,362	**167,685**	**152,605**	**77,339**	**115,154**	**3,343**	**1,425,071**	**5,207,554**
(473,296)	**59,589**	**(152,020)**	**(12,237)**	**1,194**	**88,696**	**(297,607)**	**(924,363)**
835,312	533	-	18,113	15,366	13,000	489,250	1,607,611
-	-	103,985	-	-	-	-	103,985
-	-	2,244	-	-	-	815	3,059
-	-	-	-	-	-	3,506	5,782
-	-	10,805	-	-	-	-	10,805
7	-	-	5	1,125	-	992	2,129
(359,981)	(55,575)	(977)	(4,409)	(18,983)	(152,060)	(170,291)	(868,095)
475,338	**(55,042)**	**116,057**	**13,709**	**(2,492)**	**(139,060)**	**324,272**	**865,276**
2,042	**4,547**	**(35,963)**	**1,472**	**(1,298)**	**(50,364)**	**26,665**	**(59,087)**
38,712	19,154	267,731	23,753	51,143	164,114	1,241,023	1,986,668
86	-	-	-	11	-	9	90
$ 40,840	**$ 23,701**	**$ 231,768**	**$ 25,225**	**$ 49,856**	**$ 113,750**	**$ 1,267,697**	**$ 1,927,671**

STATE OF ALABAMA

COMBINING BALANCE SHEET
Other Nonmajor Special Revenue Funds

September 30, 2014
(Amounts in Thousands)

	Corrections	Environmental Management	Professional and Occupational Boards	Emergency Management	Rehabilitation Services
ASSETS					
Cash and Cash Equivalents	$ 24,768	$ 17,167	$ 46,242	$ 2,335	$ 35,354
Investments	-	45,278	14,522	-	-
Due From Other Funds	7,065	408	3	238	3,861
Due From Component Units	-	4,590	-	-	-
Investment Sales Receivable	-	-	-	-	-
Accounts Receivable	1,235	-	72	-	13
Taxes Receivable	-	-	-	-	-
Due From Other Governments	114	-	-	10,781	-
Securities Lending Collateral	484	370	647	50	756
Inventory	-	-	-	-	156
Restricted Assets	-	-	-	-	-
Other Assets	-	-	11	-	-
TOTAL ASSETS	**$ 33,666**	**$ 67,813**	**$ 61,497**	**$ 13,404**	**$ 40,140**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Warrants Payable	$ 0	$ 280	$ 202	$ 1,058	$ 191
Investment Purchases Payable	-	-	-	-	-
Due To Other Funds	63	7,265	353	86	1,168
Due To Component Units	-	250	-	-	-
Accounts Payable	2,901	9,596	2,782	297	13,842
Due To Other Governments	-	1,974	65	15	183
Securities Lending Obligation	484	370	647	50	756
Unearned Revenue	-	-	4,178	-	-
Amounts Held in Custody for Others	-	26	883	-	-
Compensated Absences	-	92	32	-	17
Total Liabilities	**3,448**	**19,853**	**9,142**	**1,506**	**16,157**
Deferred Inflows Of Resources	**20**	**0**	**0**	**0**	**0**
Fund Balances					
Nonspendable:					
Inventory	-	-	-	-	156
Restricted for:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	-	-	-	987
Natural Resources and Recreation	-	-	7	-	-
Health	-	47,960	-	-	-
Social Services	-	-	-	-	22,840
Protection of Persons and Property	8,951	-	47,029	11,898	-
Transportation	-	-	-	-	-
General Government	-	-	-	-	-
Assigned for:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	-	-	-	-
Natural Resources and Recreation	-	-	-	-	-
Social Services	-	-	-	-	-
Protection of Persons and Property	21,247	-	5,319	-	-
General Government	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	**30,198**	**47,960**	**52,355**	**11,898**	**23,983**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 33,666**	**$ 67,813**	**$ 61,497**	**$ 13,404**	**$ 40,140**

Children First Trust	Forever Wild Trust	Fair Trial Tax Fund	Alabama Capital Improvement Trust	County and Municipal Capital Improvement	Revenue Administrative Fund	Miscellaneous Special Revenue Funds	Totals
$ 9,132	$ 362	$ 1,201	$ 7	$ 0	$ 30,517	$ 684,686	$ 851,771
-	17,630	-	6,893	459,702	-	86,715	630,740
-	-	-	-	-	6	16,274	27,855
-	-	-	-	-	-	10	4,600
-	-	-	-	5,277	-	-	5,277
54	-	1	10	1,136	5	11,582	14,108
-	-	73	-	-	6,041	393	6,507
-	-	-	-	-	-	9,253	20,148
197	8	26	-	-	657	11,377	14,572
-	-	-	-	-	99	174	429
-	-	-	-	-	-	831	831
-	-	-	-	-	-	163	174
$ 9,383	**$ 18,000**	**$ 1,301**	**$ 6,910**	**$ 466,115**	**$ 37,325**	**$ 821,458**	**$ 1,577,012**
$ 184	$ 0	$ 354	$ 0	$ 0	$ 52	$ 4,055	$ 6,376
-	-	-	-	12,141	-	-	12,141
752	48	58	-	-	5,083	10,960	25,836
-	-	-	-	-	-	40	290
2,806	72	522	-	-	9,389	81,005	123,212
112	-	-	-	-	130	15,091	17,570
197	8	26	-	-	657	11,377	14,572
-	-	-	-	-	-	679	4,857
-	-	-	-	-	89	102,527	103,525
-	-	-	-	-	91	240	472
4,051	**128**	**960**	**0**	**12,141**	**15,491**	**225,974**	**308,851**
0	**0**	**0**	**6**	**425**	**0**	**13**	**464**
-	-	-	-	-	99	174	429
-	-	-	-	-	-	141,382	141,382
-	-	-	-	-	-	76,833	77,820
-	17,872	-	-	-	-	8,529	26,408
732	-	-	-	-	-	4,592	53,284
2,595	-	-	-	-	-	111,184	136,619
1,286	-	-	-	-	-	137,634	206,798
-	-	-	-	-	-	12,551	12,551
719	-	341	6,904	453,549	21,735	107,957	591,205
-	-	-	-	-	-	1,149	1,149
-	-	-	-	-	-	400	400
-	-	-	-	-	-	60	60
-	-	-	-	-	-	839	839
-	-	-	-	-	-	1,586	28,152
-	-	-	-	-	-	11,199	11,199
-	-	-	-	-	-	(20,598)	(20,598)
5,332	**17,872**	**341**	**6,904**	**453,549**	**21,834**	**595,471**	**1,267,697**
$ 9,383	**$ 18,000**	**$ 1,301**	**$ 6,910**	**$ 466,115**	**$ 37,325**	**$ 821,458**	**$ 1,577,012**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Other Nonmajor Special Revenue Funds

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	Corrections	Environmental Management	Professional and Occupational Boards	Emergency Management	Rehabilitation Services
REVENUES					
Taxes	$ 0	$ 6,190	$ 0	$ 0	$ 0
Licenses, Permits, and Fees	6,052	60,898	38,508	-	-
Fines, Forfeits, and Court Settlements	1,932	3,766	8,557	-	1,015
Investment Income	1	206	812	-	-
Federal Grants and Reimbursements	321	18,115	59	56,715	70,968
Other Revenues	27,346	1,656	1,136	1,549	874
Total Revenues	**35,652**	**90,831**	**49,072**	**58,264**	**72,857**
EXPENDITURES					
Current:					
Economic Development and Regulation	-	-	-	-	-
Education and Cultural Resources	-	-	-	-	3,941
Natural Resources and Recreation	-	-	7	-	-
Health	-	91,300	-	-	-
Social Services	-	-	-	-	91,064
Protection of Persons and Property	47,383	-	46,087	54,575	-
Transportation	-	-	-	-	-
General Government	-	-	-	-	-
Debt Service - Principal Retirement	2,233	164	-	-	-
Debt Service - Interest and Other Charges	3,581	565	10	-	-
Total Expenditures	**53,197**	**92,029**	**46,104**	**54,575**	**95,005**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(17,545)**	**(1,198)**	**2,968**	**3,689**	**(22,148)**
OTHER FINANCING SOURCES (USES)					
Transfers In	21,448	5,089	2,865	2,089	27,394
Refunding Bonds Issued	-	-	-	-	-
Capital Leases	-	480	-	-	-
Insurance Recovery Proceeds	585	13	-	-	3
Transfers Out	-	(3,981)	(3,489)	(4,584)	(3,329)
Total Other Financing Sources (Uses)	**22,033**	**1,601**	**(624)**	**(2,495)**	**24,068**
Net Change in Fund Balances	**4,488**	**403**	**2,344**	**1,194**	**1,920**
Fund Balances, October 1, 2013, as Restated	25,710	47,557	50,011	10,704	22,073
Increase (Decrease) in Inventory	-	-	-	-	(10)
Fund Balances, September 30, 2014	**$ 30,198**	**$ 47,960**	**$ 52,355**	**$ 11,898**	**$ 23,983**

Children First Trust	Forever Wild Trust	Fair Trial Tax Fund	Alabama Capital Improvement Trust	County and Municipal Capital Improvement	Revenue Administrative Fund	Miscellaneous Special Revenue Funds	Totals
$ 0	$ 0	$ 12,680	$ 0	$ 0	$ 133,041	$ 49,805	$ 201,716
-	220	291	-	-	3,189	276,484	385,642
-	-	-	-	-	33	19,344	34,647
-	40	-	(69)	33,944	-	1,597	36,531
19	375	14	-	-	265	194,913	341,764
351	16	4,033	-	-	5,899	84,304	127,164
370	**651**	**17,018**	**(69)**	**33,944**	**142,427**	**626,447**	**1,127,464**
-	-	-	-	-	-	105,849	105,849
-	-	-	-	-	-	83,581	87,522
-	10,636	-	-	-	-	14,934	25,577
4,758	-	-	-	-	-	3,585	99,643
16,878	-	-	-	-	-	149,708	257,650
8,360	-	-	-	-	-	363,411	519,816
-	-	-	-	-	-	23,279	23,279
4,673	-	57,297	2	1,023	115,796	118,355	297,146
-	-	-	-	-	-	1,069	3,466
-	-	-	-	-	-	967	5,123
34,669	**10,636**	**57,297**	**2**	**1,023**	**115,796**	**864,738**	**1,425,071**
(34,299)	**(9,985)**	**(40,279)**	**(71)**	**32,921**	**26,631**	**(238,291)**	**(297,607)**
46,223	15,000	41,010	23,241	5,754	6,046	293,091	489,250
-	-	-	-	-	-	815	815
-	-	-	-	-	-	3,026	3,506
-	-	-	-	-	-	391	992
(12,075)	(2,181)	(877)	(19,003)	(20,552)	(25,053)	(75,167)	(170,291)
34,148	**12,819**	**40,133**	**4,238**	**(14,798)**	**(19,007)**	**222,156**	**324,272**
(151)	**2,834**	**(146)**	**4,167**	**18,123**	**7,624**	**(16,135)**	**26,665**
5,483	15,038	487	2,737	435,426	14,191	611,606	1,241,023
-	-	-	-	-	19	-	9
$ 5,332	**$ 17,872**	**$ 341**	**$ 6,904**	**$ 453,549**	**$ 21,834**	**$ 595,471**	**$ 1,267,697**

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Nonmajor Debt Service Funds

Nonmajor Debt Service Funds account for financial resources that are restricted, committed or assigned to expenditure for the payment of general governmental debt principal and interest.

Public School and College Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing the construction, renovation, and equipping of State educational facilities.

General Obligation Bonds

Accounts for the accumulation of resources used to pay general obligation interest and principal on debt issued by the State for the purpose of financing a wide variety of construction projects.

Twenty-first Century Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing incentive grants to major industries locating or expanding within the State.

Incentives Financing Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing the construction, renovation, and equipping of State worker training facilities.

Industrial Development Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of making industrial development grants to local governments.

Federal Aid Highway Finance Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing road and bridge construction.

Public Health Care Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing the construction of public health facilities.

Corrections Institution Finance Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Corrections Institution Finance Authority for the purpose of financing prison construction.

Mental Health Finance Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing the construction, renovation, and equipping of State mental health facilities.

Judicial Building Authority

Accounts for the accumulation of resources used to pay the interest and principal on debt issued by the Authority for the purpose of financing the construction of facilities used by the unified judicial system.

Other Debt Service

Accounts for the accumulation of resources used to pay the interest and principal on all other debt issued by State.

COMBINING BALANCE SHEET
Nonmajor Debt Service Funds

September 30, 2014
(Amounts in Thousands)

	Public School & College Authority	General Obligation Bonds	Twenty-first Century Authority	Incentives Financing Authority	Industrial Development Authority
ASSETS					
Cash and Cash Equivalents	$ 163	$ 0	$ 17,625	$ 25,132	$ 87
Investments	62,131	-	-	-	-
Taxes Receivable	13,165	-	-	-	-
Securities Lending Collateral	3	-	-	-	2
TOTAL ASSETS	**$ 75,462**	**$ 0**	**$ 17,625**	**$ 25,132**	**$ 89**
LIABILITIES AND FUND BALANCES					
Liabilities					
Securities Lending Obligation	$ 3	$ 0	$ 0	$ 0	$ 2
Total Liabilities	**3**	**0**	**0**	**0**	**2**
Fund Balances					
Restricted for:					
Debt Service	75,459	-	17,625	25,132	87
Total Fund Balances	**75,459**	**0**	**17,625**	**25,132**	**87**
TOTAL LIABILITIES AND FUND BALANCES	**$ 75,462**	**$ 0**	**$ 17,625**	**$ 25,132**	**$ 89**

Federal Aid Highway Finance Authority	Public Health Care Authority	Corrections Institution Finance Authority	Mental Health Finance Authority	Judicial Building Authority	Other Debt Service Funds	Totals
$ 0	$ 13,816	$ 344	$ 3,573	$ 0	$ 0	$ 60,740
-	245	-	-	-	-	62,376
-	-	-	150	-	-	13,315
-	-	-	77	-	-	82
$ 0	**$ 14,061**	**$ 344**	**$ 3,800**	**$ 0**	**$ 0**	**$ 136,513**
$ 0	$ 0	$ 0	$ 77	$ 0	$ 0	$ 82
0	**0**	**0**	**77**	**0**	**0**	**82**
-	14,061	344	3,723	-	-	136,431
0	**14,061**	**344**	**3,723**	**0**	**0**	**136,431**
$ 0	**$ 14,061**	**$ 344**	**$ 3,800**	**$ 0**	**$ 0**	**$ 136,513**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Nonmajor Debt Service Funds

For the Fiscal Year Ended September 30, 2014

(Amounts in Thousands)

	Public School & College Authority	General Obligation Bonds	Twenty-first Century Authority	Incentives Financing Authority	Industrial Development Authority
REVENUES					
Taxes	$ 216,456	$ 0	$ 0	$ 0	$ 0
Investment Income	2,610	-	2	11	-
Federal Grants and Reimbursements	4,483	-	-	-	-
Other Revenues	16,616	-	-	-	-
Total Revenues	**240,165**	**0**	**2**	**11**	**0**
EXPENDITURES					
Debt Service - Principal Retirement	178,200	36,520	8,525	5,360	-
Debt Service - Interest and Other Charges	115,995	30,020	4,281	12,573	-
Total Expenditures	**294,195**	**66,540**	**12,806**	**17,933**	**0**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(54,030)**	**(66,540)**	**(12,804)**	**(17,922)**	**0**
OTHER FINANCING SOURCES (USES)					
Transfers In	72,630	65,773	12,678	17,930	-
Refunding Bonds Issued	624,671	186,270	-	-	-
Debt Issuance Premiums	119,340	35,255	-	-	-
Transfers Out	-	-	(18)	-	-
Payments to Refunded Bond Escrow Agent	(745,417)	(221,524)	-	-	-
Total Other Financing Sources (Uses)	**71,224**	**65,774**	**12,660**	**17,930**	**0**
Net Change in Fund Balances	**17,194**	**(766)**	**(144)**	**8**	**0**
Fund Balances, October 1, 2013, as Restated	58,265	766	17,769	25,124	87
Fund Balances, September 30, 2014	**$ 75,459**	**$ 0**	**$ 17,625**	**$ 25,132**	**$ 87**

Federal Aid Highway Finance Authority	Public Health Care Authority	Corrections Institution Finance Authority	Mental Health Finance Authority	Judicial Building Authority	Other Debt Service Funds	Totals
$ 0	$ 0	$ 0	$ 1,801	$ 0	$ 1,845	$ 220,102
-	1	-	-	-	-	2,624
-	-	-	-	-	-	4,483
-	-	2,111	-	-	-	18,727
0	**1**	**2,111**	**1,801**	**0**	**1,845**	**245,936**
22,675	1,507	1,960	1,650	3,140	905	260,442
18,562	1,810	151	437	832	940	185,601
41,237	**3,317**	**2,111**	**2,087**	**3,972**	**1,845**	**446,043**
(41,237)	**(3,316)**	**0**	**(286)**	**(3,972)**	**0**	**(200,107)**
41,218	4,416	-	-	3,972	-	218,617
-	-	-	-	-	-	810,941
-	-	-	-	-	-	154,595
-	(1,692)	-	-	-	-	(1,710)
-	-	-	-	-	-	(966,941)
41,218	**2,724**	**0**	**0**	**3,972**	**0**	**215,502**
(19)	**(592)**	**0**	**(286)**	**0**	**0**	**15,395**
19	14,653	344	4,009	0	0	121,036
$ 0	**$ 14,061**	**$ 344**	**$ 3,723**	**$ 0**	**$ 0**	**$ 136,431**

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RIVER
CONECUH R.
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Nonmajor Capital Projects Funds

Nonmajor Capital Projects Funds account for financial resources restricted, committed or assigned to expenditure for the acquisition, construction, and improvement of major general governmental capital assets.

Public School and College Authority

Accounts for the proceeds of debt issued by the Authority for the purpose of financing the construction, renovation, and equipping of State educational facilities.

General Obligation Bond Projects

Accounts for the proceeds of general obligation debt issued by the State for a wide variety of construction projects involving waterways, parks, roads, prisons, mental hospitals, research labs, and other buildings.

Incentives Finance Authority

Accounts for the proceeds of debt issued by the Authority for the purpose of financing the construction, renovation, and equipping of State worker training facilities.

Public Health Care Authority

Accounts for the proceeds of debt issued by the Authority for the purpose of financing the construction of public health facilities.

Mental Health Finance Authority

Accounts for the proceeds of debt issued by the Authority for the purpose of financing the construction, renovation, and equipping of State mental health facilities.

Judicial Building Authority

Accounts for proceeds of debt issued by the authority for the purpose of acquiring, constructing, and equipping judicial facilities.

Federal Aid Highway Finance Authority

Accounts for the proceeds of debt issued by the Authority for the purpose of financing improvements to the State's roads and bridges.

Highway Finance Corporation

Accounts for the proceeds of debt issued by the Corporation for the purpose of funding improvements to the State's roads and bridges.

Other Capital Project Funds

Accounts for the proceeds of all other debt issued by the State to fund capital projects.

COMBINING BALANCE SHEET
Nonmajor Capital Projects Funds

September 30, 2014
(Amounts in Thousands)

	Public School and College Authority	General Obligation Bond Projects	Incentives Finance Authority	Public Health Care Authority	Mental Health Finance Authority
ASSETS					
Cash and Cash Equivalents	$ 0	$ 17,909	$ 0	$ 2,970	$ 7,471
Due From Other Funds	1,465	4,357	248	-	-
Due From Component Units	-	-	-	-	5,710
Securities Lending Collateral	-	-	-	-	-
TOTAL ASSETS	**$ 1,465**	**$ 22,266**	**$ 248**	**$ 2,970**	**$ 13,181**
LIABILITIES AND FUND BALANCES					
Liabilities					
Due To Other Funds	$ 0	$ 0	$ 0	$ 0	$ 0
Accounts Payable	-	-	-	-	-
Securities Lending Obligation	-	-	-	-	-
Total Liabilities	**0**	**0**	**0**	**0**	**0**
Fund Balances					
Restricted for:					
Capital Projects	1,465	22,266	248	2,970	13,181
Unassigned	-	-	-	-	-
Total Fund Balances	**1,465**	**22,266**	**248**	**2,970**	**13,181**
TOTAL LIABILITIES AND FUND BALANCES	**$ 1,465**	**$ 22,266**	**$ 248**	**$ 2,970**	**$ 13,181**

Judicial Building Authority	Federal Aid Highway Finance Authority	Highway Finance Corporation	Other Capital Project Funds	Totals
$ 708	$ 201,030	$ 23,520	$ 302	$ 253,910
-	-	-	-	6,070
-	-	-	-	5,710
-	-	-	6	6
$ 708	**$ 201,030**	**$ 23,520**	**$ 308**	**$ 265,696**
$ 0	$ 0	$ 0	$ 331	$ 331
-	-	-	222	222
-	-	-	6	6
0	**0**	**0**	**559**	**559**
708	201,030	23,520	-	265,388
-	-	-	(251)	(251)
708	**201,030**	**23,520**	**(251)**	**265,137**
$ 708	**$ 201,030**	**$ 23,520**	**$ 308**	**$ 265,696**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Nonmajor Capital Projects Funds

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	Public School and College Authority	General Obligation Bond Projects	Incentives Finance Authority	Public Health Care Authority	Mental Health Finance Authority
REVENUES					
Licenses, Permits, and Fees	$ 0	$ 0	$ 0	$ 0	$ 101
Investment Income	-	16	-	-	20
Other Revenues	-	-	-	-	3,291
Total Revenues	**0**	**16**	**0**	**0**	**3,412**
EXPENDITURES					
Current:					
Education and Cultural Resources	-	-	-	-	-
General Government	-	-	-	-	-
Capital Outlay	944	21,022	4,207	2,376	21,253
Debt Service - Interest and Other Charges	-	-	-	-	-
Total Expenditures	**944**	**21,022**	**4,207**	**2,376**	**21,253**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(944)**	**(21,006)**	**(4,207)**	**(2,376)**	**(17,841)**
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	888	16
Bonds Issued	-	-	-	-	-
Transfers Out	-	-	-	-	(1,528)
Total Other Financing Sources (Uses)	**0**	**0**	**0**	**888**	**(1,512)**
Net Change in Fund Balances	**(944)**	**(21,006)**	**(4,207)**	**(1,488)**	**(19,353)**
Fund Balances, October 1, 2013, as Restated	2,409	43,272	4,455	4,458	32,534
Fund Balances, September 30, 2014	**$ 1,465**	**$ 22,266**	**$ 248**	**$ 2,970**	**$ 13,181**

Judicial Building Authority	Federal Aid Highway Finance Authority	Highway Finance Corporation	Other Capital Project Funds	Totals
$ 0	$ 0	$ 0	$ 0	$ 101
-	60	5	-	101
-	-	-	-	3,291
0	**60**	**5**	**0**	**3,493**
-	-	-	34	34
-	-	-	755	755
32	-	-	-	49,834
-	-	81	-	81
32	**0**	**81**	**789**	**50,704**
(32)	**60**	**(76)**	**(789)**	**(47,211)**
-	-	-	442	1,346
-	-	25,000	-	25,000
-	(160,874)	(1,404)	-	(163,806)
0	**(160,874)**	**23,596**	**442**	**(137,460)**
(32)	**(160,814)**	**23,520**	**(347)**	**(184,671)**
740	361,844	0	96	449,808
$ 708	**$ 201,030**	**$ 23,520**	**$ (251)**	**$ 265,137**

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Nonmajor Permanent Funds

Nonmajor Permanent Funds report resources that are legally restricted so that only earnings, not principal, may be used for purposes that support the State's governmental programs.

Marine, Game and Fish Endowment

Invests the proceeds of lifetime hunting and fishing licenses and uses the investment income to preserve, protect, propagate, and develop wildlife within the State.

Alabama Research Alliance

Is a trust fund which awards research grants to State universities to promote science and technology.

Senior Services Trust

Invests a portion of the proceeds from the tobacco settlement in order to accumulate money to expand programs benefiting elderly citizens.

Other Permanent Funds

Accounts for several small permanent funds which further educational, health, and social programs.

COMBINING BALANCE SHEET
Nonmajor Permanent Funds

September 30, 2014
(Amounts in Thousands)

	Marine, Game, and Fish Endowment	Alabama Research Alliance	Senior Services Trust	Other Permanent Funds	Totals
ASSETS					
Cash and Cash Equivalents	$ 42	$ 86	$ 2	$ 51	$ 181
Investments	21,862	14,617	32,999	15,346	84,824
Investment Sales Receivable	56	-	-	-	56
Accounts Receivable	66	2	194	-	262
Mortgages, Notes, and Loans Receivable	-	-	-	56	56
Securities Lending Collateral	3,100	2	3,461	-	6,563
TOTAL ASSETS	**$ 25,126**	**$ 14,707**	**$ 36,656**	**$ 15,453**	**$ 91,942**
LIABILITIES AND FUND BALANCES					
Liabilities					
Investment Purchases Payable	$ 37	$ 0	$ 57	$ 0	$ 94
Due To Other Funds	59	16	-	-	75
Accounts Payable	-	134	1	-	135
Securities Lending Obligation	3,100	2	3,461	-	6,563
Total Liabilities	**3,196**	**152**	**3,519**	**0**	**6,867**
Fund Balances					
Nonspendable:					
Permanent Fund Principal	21,930	11,500	33,137	15,085	81,652
Restricted for:					
Education and Cultural Resources	-	3,055	-	58	3,113
Health	-	-	-	58	58
General Government	-	-	-	252	252
Total Fund Balances	**21,930**	**14,555**	**33,137**	**15,453**	**85,075**
TOTAL LIABILITIES AND FUND BALANCES	**$ 25,126**	**$ 14,707**	**$ 36,656**	**$ 15,453**	**$ 91,942**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Nonmajor Permanent Funds

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	Marine, Game, and Fish Endowment	Alabama Research Alliance	Senior Services Trust	Other Permanent Funds	Totals
REVENUES					
Licenses, Permits, and Fees	$ 1,032	$ 0	$ 0	$ 96	$ 1,128
Investment Income	93	403	1,125	170	1,791
Other Revenues	-	-	7	-	7
Total Revenues	**1,125**	**403**	**1,132**	**266**	**2,926**
EXPENDITURES					
Current:					
Education and Cultural Resources	-	531	-	-	531
Social Services	-	-	17	-	17
General Government	-	-	-	10	10
Total Expenditures	**0**	**531**	**17**	**10**	**558**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**1,125**	**(128)**	**1,115**	**256**	**2,368**
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	2,871	-	2,871
Transfers Out	-	(16)	(717)	(218)	(951)
Total Other Financing Sources (Uses)	**0**	**(16)**	**2,154**	**(218)**	**1,920**
Net Change in Fund Balances	**1,125**	**(144)**	**3,269**	**38**	**4,288**
Fund Balances, October 1, 2013, as Restated	20,805	14,699	29,868	15,415	80,787
Fund Balances, September 30, 2014	**$ 21,930**	**$ 14,555**	**$ 33,137**	**$ 15,453**	**$ 85,075**

ALABAMA
TENNESSEE
TENNESSEE RIVER
RIVER
RIVER
BLACK WARRIOR
COOSA
ALLAPOOSA
CHATTAHOOCHEE RIVER
MISSISSIPPI
GEORGIA
TOMBIGBEE RIVER
ALABAMA
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

Governmental Funds Supplementary Information

Governmental Funds Supplementary Information includes non-GAAP basis schedules demonstrating compliance with the legally adopted budget and summaries of governmental fund revenues in the State Treasury.

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*

For the Fiscal Year Ended September 30, 2014

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
EXPENDITURES:			
Administrative Office of Courts			
Administrative Services	3,196	3,196	-
Alabama Sentencing Commission	311	311	-
Court Operations	74,631	74,631	-
Drug Court	1,962	1,962	-
Juvenile Probation Officer Services	10,753	10,753	-
TOTAL Administrative Office of Courts	**90,853**	**90,853**	**-**
Agriculture and Industries			
Administrative Services	1,994	1,994	-
Agricultural Development Services	505	505	-
Agricultural Inspection Services	4,410	4,410	-
Lab Analysis and Disease Control	2,695	2,695	-
TOTAL Agriculture and Industries	**9,604**	**9,604**	**-**
Attorney General			
Fair Marketing Practices: Consumer Protection	-	-	-
Legal Advice and Legal Service: Attorney General - Operations	7,009	7,009	-
TOTAL Attorney General	**7,009**	**7,009**	**-**
Auditor			
Fiscal Management	1,068	900	168
TOTAL Auditor	**1,068**	**900**	**168**
Commission on Higher Education			
Planning and Coordination Services	-	-	-
Student Financial Aid	-	-	-
Support - Other Educational Activities	-	-	-
Support of State Programs	-	-	-
Support of State Universities	-	-	-
TOTAL Commission on Higher Education	**-**	**-**	**-**
Corrections			
Administration Service and Logistical Support	22,908	22,796	112
Correctional Industries	-	-	-
Institutional Service Corrections	373,376	365,652	7,724
TOTAL Corrections	**396,284**	**388,448**	**7,836**
Economic and Community Affairs			
Administrative Support Service	91	91	-
Energy Management	207	203	4
Law Enforcement Planning and Development	275	275	-
Planning	5,543	5,543	-
Skills Enhancement/Employment Opportunities	569	561	8
Surplus Property	411	411	-
Water Resources	2,224	2,049	175
TOTAL Economic and Community Affairs	**9,320**	**9,133**	**187**

Education Trust Fund			Earmarked Funds			Total		
Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
-	-	-	-	-	-	3,196	3,196	-
-	-	-	-	-	-	311	311	-
-	-	-	89,061	77,302	11,759	163,692	151,933	11,759
-	-	-	-	-	-	1,962	1,962	-
-	-	-	7,647	4,967	2,680	18,400	15,720	2,680
-	**-**	**-**	**96,708**	**82,269**	**14,439**	**187,561**	**173,122**	**14,439**
-	-	-	4,079	3,679	400	6,073	5,673	400
-	-	-	5,115	2,542	2,573	5,620	3,047	2,573
-	-	-	13,391	9,507	3,884	17,801	13,917	3,884
-	-	-	6,121	5,385	736	8,816	8,080	736
-	**-**	**-**	**28,706**	**21,113**	**7,593**	**38,310**	**30,717**	**7,593**
-	-	-	1,215	1,060	155	1,215	1,060	155
-	-	-	14,858	12,972	1,886	21,867	19,981	1,886
-	**-**	**-**	**16,073**	**14,032**	**2,041**	**23,082**	**21,041**	**2,041**
-	-	-	-	-	-	1,068	900	168
-	**-**	**-**	**-**	**-**	**-**	**1,068**	**900**	**168**
3,003	2,974	29	186	2	184	3,189	2,976	213
5,424	5,252	172	125	-	125	5,549	5,252	297
2,484	2,482	2	1,671	922	749	4,155	3,404	751
4,016	4,016	-	-	-	-	4,016	4,016	-
5,329	5,329	-	-	-	-	5,329	5,329	-
20,256	**20,053**	**203**	**1,982**	**924**	**1,058**	**22,238**	**20,977**	**1,261**
-	-	-	-	-	-	22,908	22,796	112
-	-	-	23,187	14,471	8,716	23,187	14,471	8,716
-	-	-	53,448	44,180	9,268	426,824	409,832	16,992
-	**-**	**-**	**76,635**	**58,651**	**17,984**	**472,919**	**447,099**	**25,820**
-	-	-	11,210	10,797	413	11,301	10,888	413
-	-	-	57,779	55,642	2,137	57,986	55,845	2,141
-	-	-	39,350	22,095	17,255	39,625	22,370	17,255
-	-	-	107,576	58,569	49,007	113,119	64,112	49,007
-	-	-	43,615	37,437	6,178	44,184	37,998	6,186
-	-	-	1,838	1,212	626	2,249	1,623	626
-	-	-	7,437	3,571	3,866	9,661	5,620	4,041
-	**-**	**-**	**268,805**	**189,323**	**79,482**	**278,125**	**198,456**	**79,669**

Continued on next page...

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)
For the Fiscal Year Ended September 30, 2014

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Education			
Administrative Services	-	-	-
Alabama Science in Motion	-	-	-
At-Risk Student Program	-	-	-
Board of Adjustment	-	-	-
Career Tech Operations and Maintenance	-	-	-
Disability Determination for Social Security	-	-	-
Endowment Interest Program-PSF	-	-	-
Financial Assistance	-	-	-
Foundation Program	-	-	-
Gifted Students Program	-	-	-
Information Technology Services	-	-	-
Liability Insurance Program	-	-	-
Reading is Fundamental Program	-	-	-
School Nurses Program	-	-	-
Transportation Program	-	-	-
TOTAL Education	**-**	**-**	**-**
Emergency Management Agency			
Readiness and Recovery	-	-	-
Readiness and Recovery: Administration	3,513	3,476	37
Readiness and Recovery: FEMA-Match	6,951	6,951	-
TOTAL Emergency Management Agency	**10,464**	**10,427**	**37**
Examiners of Public Accounts			
Legislative Support - Audit Service	6,938	6,938	-
TOTAL Examiners of Public Accounts	**6,938**	**6,938**	**-**
Finance			
Administrative Support Service	-	-	-
Administrative Support Service: Alabama Building Renovation Finance Authority	-	-	-
Administrative Support Service: Capital Complex Maintenance and Repair	-	-	-
Administrative Support Service: Capitol	1,216	826	390
Administrative Support Service: Legal Division	129	98	31
Administrative Support Service: Space Management	2,086	-	2,086
Fiscal Management	-	-	-
Fiscal Management: Budget Office	1,171	926	245
Fiscal Management: Comptroller's Office	1,044	1,044	-
Fiscal Management: Director's Office	1,282	181	1,101
Fiscal Management: Purchasing	2,023	1,610	413
TOTAL Finance	**8,951**	**4,685**	**4,266**
Governor			
Criminal Investigation: Law Enforcement Fund	60	8	52
Executive Direction: Governor's Contingency Fund	203	197	6
Executive Direction: Governor's Office	2,616	2,425	191
Executive Direction: Governor's Office BP Oil Spill	-	-	-
Executive Direction: Governor's Proclamation Expense	330	100	230
Executive Direction: National Governors' Conference	197	195	2
TOTAL Governor	**3,406**	**2,925**	**481**
Human Resources			
Human Services	-	-	-
TOTAL Human Resources	**-**	**-**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
143,152	142,350	802	58,857	31,593	27,264	202,009	173,943	28,066
-	-	-	3,584	1,738	1,846	3,584	1,738	1,846
20,268	20,268	-	-	-	-	20,268	20,268	-
813	813	-	-	-	-	813	813	-
5,000	5,000	-	-	-	-	5,000	5,000	-
-	-	-	94,343	47,686	46,657	94,343	47,686	46,657
-	-	-	533	533	-	533	533	-
31,406	31,245	161	1,247,479	840,603	406,876	1,278,885	871,848	407,037
3,368,526	3,368,526	-	170,000	170,000	-	3,538,526	3,538,526	-
1,050	1,047	3	-	-	-	1,050	1,047	3
3,665	3,665	-	-	-	-	3,665	3,665	-
4,500	4,500	-	-	-	-	4,500	4,500	-
30	30	-	-	-	-	30	30	-
29,985	29,985	-	-	-	-	29,985	29,985	-
304,272	304,272	-	-	-	-	304,272	304,272	-
3,912,667	**3,911,701**	**966**	**1,574,796**	**1,092,153**	**482,643**	**5,487,463**	**5,003,854**	**483,609**
-	-	-	169,927	59,048	110,879	169,927	59,048	110,879
-	-	-	-	-	-	3,513	3,476	37
-	-	-	-	-	-	6,951	6,951	-
-	**-**	**-**	**169,927**	**59,048**	**110,879**	**180,391**	**69,475**	**110,916**
6,266	6,266	-	6,823	5,403	1,420	20,027	18,607	1,420
6,266	**6,266**	**-**	**6,823**	**5,403**	**1,420**	**20,027**	**18,607**	**1,420**
-	-	-	121,903	97,694	24,209	121,903	97,694	24,209
-	-	-	10,587	7,924	2,663	10,587	7,924	2,663
-	-	-	7,640	2,900	4,740	7,640	2,900	4,740
-	-	-	-	-	-	1,216	826	390
-	-	-	-	-	-	129	98	31
-	-	-	-	-	-	2,086	-	2,086
-	-	-	14,812	9,533	5,279	14,812	9,533	5,279
-	-	-	-	-	-	1,171	926	245
-	-	-	-	-	-	1,044	1,044	-
-	-	-	-	-	-	1,282	181	1,101
-	-	-	-	-	-	2,023	1,610	413
-	**-**	**-**	**154,942**	**118,051**	**36,891**	**163,893**	**122,736**	**41,157**
-	-	-	-	-	-	60	8	52
-	-	-	-	-	-	203	197	6
-	-	-	-	-	-	2,616	2,425	191
-	-	-	3,526	117	3,409	3,526	117	3,409
-	-	-	-	-	-	330	100	230
-	-	-	-	-	-	197	195	2
-	**-**	**-**	**3,526**	**117**	**3,409**	**6,932**	**3,042**	**3,890**
-	-	-	2,123,245	1,958,317	164,928	2,123,245	1,958,317	164,928
-	**-**	**-**	**2,123,245**	**1,958,317**	**164,928**	**2,123,245**	**1,958,317**	**164,928**

Continued on next page...

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)
For the Fiscal Year Ended September 30, 2014

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Labor			
Administrative Services	-	-	-
Employment Security	-	-	-
Industrial Safety and Accident Prevention	813	773	40
Regulation Workers Compensation	-	-	-
Regulatory Services	-	-	-
TOTAL Labor	**813**	**773**	**40**
Legislature			
Commission to Reduce Poverty	7	-	7
Legislative Operations and Support	24,209	20,774	3,435
TOTAL Legislature	**24,216**	**20,774**	**3,442**
Medicaid Agency			
Medical Assistance Through Medicaid: Administrative Cost	32,345	28,865	3,480
Medical Assistance Through Medicaid: Alternative Care	62,876	61,924	952
Medical Assistance Through Medicaid: Family Planning	6,905	1,829	5,076
Medical Assistance Through Medicaid: Health Support	37,370	37,357	13
Medical Assistance Through Medicaid: Hospital Care	-	-	-
Medical Assistance Through Medicaid: Medicaid-Children's Helath Insurance	-	-	-
Medical Assistance Through Medicaid: Mental Health- Facilities	-	-	-
Medical Assistance Through Medicaid: Mental Health- Other Health Insurance	-	-	-
Medical Assistance Through Medicaid: Mental Health- Waivers	-	-	-
Medical Assistance Through Medicaid: Nursing Home Care	128,508	128,508	-
Medical Assistance Through Medicaid: Pharmaceutical	170,164	169,709	455
Medical Assistance Through Medicaid: Physician Care	110,216	107,573	2,643
Medical Assistance Through Medicaid: Premiums	89,907	86,672	3,235
TOTAL Medicaid Agency	**638,291**	**622,437**	**15,854**
Mental Health			
Administrative Services	-	-	-
Institutional Treatment and Care of Intellectually Disabled	-	-	-
Institutional Treatment and Care of Mentally Ill	-	-	-
Special Services	-	-	-
Substance Abuse Program	-	-	-
TOTAL Mental Health	**-**	**-**	**-**
Postsecondary Education			
Adult Education	-	-	-
Adult Education: Adult Basic Education	-	-	-
Postsecondary Administration	-	-	-
Postsecondary Administration: Postsecondary/Chancellor's	-	-	-
Postsecondary-Prison Education: Prison Education-Operations and Maintenance	-	-	-
Postsecondary-Special Line Items: Mine Safety	-	-	-
Postsecondary-Special Line Items: Special Populations Training	-	-	-
Postsecondary-Technical Colleges	-	-	-
Postsecondary-Technical Colleges: Truck Driver Training-CACC	-	-	-
Postsecondary-Two Year Colleges	-	-	-
Postsecondary-Two Year Colleges: Alabama Technology Network	-	-	-
Postsecondary-Two Year Colleges: Marion Military Institute	-	-	-
Postsecondary-Two Year Colleges: Two Year Colleges/Operations and Maintenance	-	-	-
Postsecondary-Two Year Colleges: Workforce Development	-	-	-
TOTAL Postsecondary Education	**-**	**-**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
-	-	-	18,858	15,710	3,148	18,858	15,710	3,148
-	-	-	74,071	54,830	19,241	74,071	54,830	19,241
-	-	-	11,992	6,913	5,079	12,805	7,686	5,119
-	-	-	5,096	4,037	1,059	5,096	4,037	1,059
-	-	-	1,526	1,095	431	1,526	1,095	431
-	**-**	**-**	**111,543**	**82,585**	**28,958**	**112,356**	**83,358**	**28,998**
-	-	-	-	-	-	7	-	7
2,449	1,038	1,411	-	-	-	26,658	21,812	4,846
2,449	**1,038**	**1,411**	**-**	**-**	**-**	**26,665**	**21,812**	**4,853**
-	-	-	260,145	191,937	68,208	292,490	220,802	71,688
-	-	-	309,505	290,206	19,299	372,381	352,130	20,251
-	-	-	61,259	58,318	2,941	68,164	60,147	8,017
-	-	-	210,289	205,773	4,516	247,659	243,130	4,529
-	-	-	2,204,574	2,054,844	149,730	2,204,574	2,054,844	149,730
-	-	-	39,106	22,805	16,301	39,106	22,805	16,301
-	-	-	3,824	1,831	1,993	3,824	1,831	1,993
-	-	-	135,488	127,956	7,532	135,488	127,956	7,532
-	-	-	326,184	318,973	7,211	326,184	318,973	7,211
-	-	-	831,771	799,769	32,002	960,279	928,277	32,002
-	-	-	495,098	457,756	37,342	665,262	627,465	37,797
-	-	-	451,101	430,213	20,888	561,317	537,786	23,531
-	-	-	238,336	228,774	9,562	328,243	315,446	12,797
-	**-**	**-**	**5,566,680**	**5,189,155**	**377,525**	**6,204,971**	**5,811,592**	**393,379**
-	-	-	21,727	18,128	3,599	21,727	18,128	3,599
-	-	-	477,286	455,595	21,691	477,286	455,595	21,691
-	-	-	362,440	350,163	12,277	362,440	350,163	12,277
-	-	-	18,162	15,624	2,538	18,162	15,624	2,538
-	-	-	50,141	39,258	10,883	50,141	39,258	10,883
-	**-**	**-**	**929,756**	**878,768**	**50,988**	**929,756**	**878,768**	**50,988**
-	-	-	15,700	10,283	5,417	15,700	10,283	5,417
12,399	12,399	-	-	-	-	12,399	12,399	-
-	-	-	4,648	2,755	1,893	4,648	2,755	1,893
5,986	5,978	8	-	-	-	5,986	5,978	8
9,346	9,346	-	-	-	-	9,346	9,346	-
321	321	-	-	-	-	321	321	-
4,500	4,500	-	-	-	-	4,500	4,500	-
-	-	-	2,000	1,285	715	2,000	1,285	715
241	235	6	-	-	-	241	235	6
-	-	-	2,565	888	1,677	2,565	888	1,677
4,587	4,587	-	-	-	-	4,587	4,587	-
6,126	6,126	-	-	-	-	6,126	6,126	-
277,596	277,596	-	-	-	-	277,596	277,596	-
2,917	2,917	-	-	-	-	2,917	2,917	-
324,019	**324,005**	**14**	**24,913**	**15,211**	**9,702**	**348,932**	**339,216**	**9,716**

Continued on next page...

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)
For the Fiscal Year Ended September 30, 2014

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Public Health			
Administrative Services	7,935	7,935	-
Children's Health Insurance	-	-	-
Emergency Medical Service Education	-	-	-
Family Practice Rural Health	-	-	-
Public Health Services	26,395	26,395	-
TOTAL Public Health	**34,330**	**34,330**	**-**
Public Safety			
Administrative Services	11,674	11,672	2
Police Services	41,417	41,412	5
Public Safety Support Services	714	709	5
Readiness and Recovery	162	162	-
TOTAL Public Safety	**53,967**	**53,955**	**12**
Public Service Commission			
Regulatory Services	-	-	-
TOTAL Public Service Commission	**-**	**-**	**-**
Rehabilitation Services			
Direct Client Services-Handicap	-	-	-
TOTAL Rehabilitation Services	**-**	**-**	**-**
Revenue			
State Revenue Administration	113	39	74
TOTAL Revenue	**113**	**39**	**74**
Secretary of State			
Administrative Support Service	-	-	-
Administrative Support Service: Administration of Helping America Vote Act	-	-	-
Administrative Support Service: Distribution of Public Documents	234	126	108
Administrative Support Service: Printing of Acts/Journals	342	134	208
Administrative Support Service: Printing of Codes	228	113	115
Administrative Support Service: Secretary of State	1,837	1,512	325
Special Services: Training Elected Officials	33	-	33
TOTAL Secretary of State	**2,674**	**1,885**	**789**
Transportation			
General Administration	-	-	-
General Aviation and Aeronautics	-	-	-
Roads & Transit Stimulus	-	-	-
Surface Transportation Improvements	-	-	-
TOTAL Transportation	**-**	**-**	**-**
Treasurer			
Fiscal Management	-	-	-
TOTAL Treasurer	**-**	**-**	**-**
Youth Services			
Community Educational Programs	-	-	-
Financial Assistance	-	-	-
Youth Services	7,240	7,240	-
TOTAL Youth Services	**7,240**	**7,240**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
839	839	-	23,777	22,535	1,242	32,551	31,309	1,242
-	-	-	210,076	167,300	42,776	210,076	167,300	42,776
1,336	1,336	-	-	-	-	1,336	1,336	-
1,936	1,646	290	-	-	-	1,936	1,646	290
11,316	11,316	-	492,081	391,598	100,483	529,792	429,309	100,483
15,427	**15,137**	**290**	**725,934**	**581,433**	**144,501**	**775,691**	**630,900**	**144,791**
-	-	-	48,088	31,515	16,573	59,762	43,187	16,575
-	-	-	39,686	21,292	18,394	81,103	62,704	18,399
-	-	-	35,267	18,976	16,291	35,981	19,685	16,296
-	-	-	-	-	-	162	162	-
-	**-**	**-**	**123,041**	**71,783**	**51,258**	**177,008**	**125,738**	**51,270**
-	-	-	21,901	17,677	4,224	21,901	17,677	4,224
-	**-**	**-**	**21,901**	**17,677**	**4,224**	**21,901**	**17,677**	**4,224**
38,787	38,786	1	134,507	106,945	27,562	173,294	145,731	27,563
38,787	**38,786**	**1**	**134,507**	**106,945**	**27,562**	**173,294**	**145,731**	**27,563**
-	-	-	145,339	135,370	9,969	145,452	135,409	10,043
-	**-**	**-**	**145,339**	**135,370**	**9,969**	**145,452**	**135,409**	**10,043**
-	-	-	4,137	2,016	2,121	4,137	2,016	2,121
-	-	-	11,000	2,099	8,901	11,000	2,099	8,901
-	-	-	-	-	-	234	126	108
-	-	-	-	-	-	342	134	208
-	-	-	-	-	-	228	113	115
-	-	-	-	-	-	1,837	1,512	325
-	-	-	-	-	-	33	-	33
-	**-**	**-**	**15,137**	**4,115**	**11,022**	**17,811**	**6,000**	**11,811**
-	-	-	186,122	152,762	33,360	186,122	152,762	33,360
-	-	-	32,921	23,089	9,832	32,921	23,089	9,832
-	-	-	28,202	9,504	18,698	28,202	9,504	18,698
-	-	-	2,238,630	1,393,937	844,693	2,238,630	1,393,937	844,693
-	**-**	**-**	**2,485,875**	**1,579,292**	**906,583**	**2,485,875**	**1,579,292**	**906,583**
-	-	-	5,991	3,973	2,018	5,991	3,973	2,018
-	**-**	**-**	**5,991**	**3,973**	**2,018**	**5,991**	**3,973**	**2,018**
3,566	3,566	-	-	-	-	3,566	3,566	-
6,215	6,066	149	878	392	486	7,093	6,458	635
44,574	44,282	292	39,459	30,750	8,709	91,273	82,272	9,001
54,355	**53,914**	**441**	**40,337**	**31,142**	**9,195**	**101,932**	**92,296**	**9,636**

Continued on next page...

	General Fund		
	Budget	**Actual**	**Variance**
Colleges and Universities			
Alabama Agricultural and Mechanical University			
Support of State Universities: Agriculture Research Station Fixed Costs	-	-	-
Support of State Universities: Alabama A&M-Agriculture Research Extension State Match	-	-	-
Support of State Universities: Alabama A&M-Miles College	-	-	-
Support of State Universities: Alabama A&M-Operations and Maintenance	-	-	-
Support of State Universities: Carter Science Center	-	-	-
Support of State Universities: Urban Affairs and Non-Traditional Program	-	-	-
Total Alabama Agricultural and Mechanical University	-	-	-
Alabama Fire College			
Firefighters-Fire College: Alabama Fire College	-	-	-
Total Alabama Fire College	-	-	-
Alabama Institute for the Deaf and Blind			
Alabama Institute for the Deaf and Blind- Adult Programs	-	-	-
Alabama Institute for the Deaf and Blind- Children and Youth Programs	-	-	-
Alabama Institute for the Deaf and Blind- Industries for the Blind	-	-	-
Birmingham Regional Office	-	-	-
Total Alabama Institute for the Deaf and Blind	-	-	-
Alabama State University			
Support of State Universities: Alabama State University-Operations and Maintenance	-	-	-
Total Alabama State University	-	-	-
Athens State University			
Support of State Universities: Athens State University	-	-	-
Total Athens State University	-	-	-
Auburn University			
Support of State Universities: Auburn University Montgomery Veterinary- Breast Cancer	-	-	-
Support of State Universities: Auburn University System-Operations and Maintenance	-	-	-
Support of State Universities: Auburn University-AUM Operations and Maintenance	-	-	-
Support of State Universities: Auburn/Agriculture Experiment Station	-	-	-
Support of State Universities: Auburn/Cooperative Extension Service	-	-	-
Support of State Universities: Cyber Security Center	-	-	-
Total Auburn University	-	-	-
Jacksonville State University			
Support of State Universities: Alabama Film Initiative Program	-	-	-
Support of State Universities: Jacksonville State University-Operations and Maintenance	-	-	-
Total Jacksonville State University	-	-	-
Troy State University			
Support of State Universities: Troy State University System-Operations and Maintenance	-	-	-
Total Troy State University	-	-	-
University of Alabama - Birmingham			
Support of State Universities	-	-	-
Support of State Universities: Chauncey Sparks Center/University of Alabama Birmingham	-	-	-
Support of State Universities: University of Alabama-Birmingham-Operations and Maintenance	-	-	-
Support of State Universities: University of Alabama - Birmingham Cancer Center	-	-	-
Total University of Alabama - Birmingham	-	-	-
University of Alabama - Huntsville			
Support of State Universities: University of Alabama Huntsville-Operations and Maintenance	-	-	-
Total University of Alabama - Huntsville	-	-	-
University of Alabama - Tuscaloosa			
Support of State Universities: University of Alabama-Tuscaloosa-Operations and Maintenance	-	-	-
Total University of Alabama - Tuscaloosa	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
278	278	-	-	-	-	278	278	-
1,190	1,190	-	-	-	-	1,190	1,190	-
262	262	-	-	-	-	262	262	-
31,516	31,516	-	-	-	-	31,516	31,516	-
600	600	-	-	-	-	600	600	-
3,748	3,748	-	-	-	-	3,748	3,748	-
37,594	**37,594**	**-**	**-**	**-**	**-**	**37,594**	**37,594**	**-**
3,683	3,683	-	-	-	-	3,683	3,683	-
3,683	**3,683**	**-**	**-**	**-**	**-**	**3,683**	**3,683**	**-**
10,395	10,395	-	-	-	-	10,395	10,395	-
28,863	28,863	-	-	-	-	28,863	28,863	-
7,671	7,671	-	-	-	-	7,671	7,671	-
10	10	-	-	-	-	10	10	-
46,939	**46,939**	**-**	**-**	**-**	**-**	**46,939**	**46,939**	**-**
41,590	41,590	-	-	-	-	41,590	41,590	-
41,590	**41,590**	**-**	**-**	**-**	**-**	**41,590**	**41,590**	**-**
11,265	11,265	-	-	-	-	11,265	11,265	-
11,265	**11,265**	**-**	**-**	**-**	**-**	**11,265**	**11,265**	**-**
1,100	1,100	-	-	-	-	1,100	1,100	-
155,857	155,857	-	-	-	-	155,857	155,857	-
22,558	22,558	-	-	-	-	22,558	22,558	-
30,423	30,423	-	-	-	-	30,423	30,423	-
31,822	31,822	-	-	-	-	31,822	31,822	-
1,000	1,000	-	-	-	-	1,000	1,000	-
242,760	**242,760**	**-**	**-**	**-**	**-**	**242,760**	**242,760**	**-**
226	226	-	-	-	-	226	226	-
35,733	35,733	-	-	-	-	35,733	35,733	-
35,959	**35,959**	**-**	**-**	**-**	**-**	**35,959**	**35,959**	**-**
45,699	45,699	-	-	-	-	45,699	45,699	-
45,699	**45,699**	**-**	**-**	**-**	**-**	**45,699**	**45,699**	**-**
-	-	-	47	47	-	47	47	-
3,237	3,237	-	-	-	-	3,237	3,237	-
254,647	254,647	-	-	-	-	254,647	254,647	-
5,053	5,053	-	-	-	-	5,053	5,053	-
262,937	**262,937**	**-**	**47**	**47**	**-**	**262,984**	**262,984**	**-**
43,102	43,102	-	-	-	-	43,102	43,102	-
43,102	**43,102**	**-**	**-**	**-**	**-**	**43,102**	**43,102**	**-**
144,235	144,235	-	-	-	-	144,235	144,235	-
144,235	**144,235**	**-**	**-**	**-**	**-**	**144,235**	**144,235**	**-**

Continued on next page...

	General Fund		
	Budget	**Actual**	**Variance**
University of Montevallo			
Support of State Universities: University of Montevallo-Operations and Maintenance	-	-	-
Total University of Montevallo	**-**	**-**	**-**
University of North Alabama			
Support of State Universities: University of North Alabama-Operations and Maintenance	-	-	-
Total University of North Alabama	**-**	**-**	**-**
University of South Alabama			
Support of State Universities: University of South Alabama/ Cancer Center	-	-	-
Support of State Universities: University of South Alabama-Operations and Maintenance	-	-	-
Total University of South Alabama	**-**	**-**	**-**
University of West Alabama			
Support of State Universities: University of West Alabama-Operations and Maintenance	-	-	-
Total University of West Alabama	**-**	**-**	**-**
TOTAL Colleges and Universities	**-**	**-**	**-**
Other			
Accountancy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Accountancy Board	**-**	**-**	**-**
Agricultural Museum Board			
Agricultural Promotional Program	50	30	20
Total Agricultural Museum Board	**50**	**30**	**20**
Alabama Athletic Commission			
Licensing, Regulation and Enforcement	-	-	-
Total Alabama Athletic Commission	**-**	**-**	**-**
Alabama Board of Court Reporting			
Professional and Occupational Licensure and Regulation	-	-	-
Total Alabama Board of Court Reporting	**-**	**-**	**-**
Alabama Construction Recruitment			
Recruitment/Training Promotion	-	-	-
Total Alabama Construction Recruitment	**-**	**-**	**-**
Alabama Innovation Fund			
Alabama Innovation Fund	-	-	-
Total Alabama Innovation Fund	**-**	**-**	**-**
Alabama Law Institute			
Support - Other Educational Activities	177	164	13
Total Alabama Law Institute	**177**	**164**	**13**
Alabama Onsite Wastewater Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Alabama Onsite Wastewater Board	**-**	**-**	**-**
Alabama Public Historical Sites Improvement Corporation			
Debt Service	-	-	-
Total Alabama Public Historical Sites Improvement Corporation	**-**	**-**	**-**
Alabama Security Regulatory Board			
Licensing, Regulation and Enforcement	-	-	-
Total Alabama Security Regulatory Board	**-**	**-**	**-**
Alabama Trust Fund			
Alabama Natural Heritage	-	-	-
Fiscal Management	115	24	91
Total Alabama Trust Fund	**115**	**24**	**91**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
17,827	17,827	-	-	-	-	17,827	17,827	-
17,827	**17,827**	**-**	**-**	**-**	**-**	**17,827**	**17,827**	**-**
25,917	25,917	-	-	-	-	25,917	25,917	-
25,917	**25,917**	**-**	**-**	**-**	**-**	**25,917**	**25,917**	**-**
3,000	3,000	-	-	-	-	3,000	3,000	-
99,696	99,696	-	-	-	-	99,696	99,696	-
102,696	**102,696**	**-**	**-**	**-**	**-**	**102,696**	**102,696**	**-**
13,476	13,476	-	-	-	-	13,476	13,476	-
13,476	**13,476**	**-**	**-**	**-**	**-**	**13,476**	**13,476**	**-**
1,075,679	**1,075,679**	**-**	**47**	**47**	**-**	**1,075,726**	**1,075,726**	**-**
-	-	-	1,457	1,121	336	1,457	1,121	336
-	**-**	**-**	**1,457**	**1,121**	**336**	**1,457**	**1,121**	**336**
-	-	-	-	-	-	50	30	20
-	**-**	**-**	**-**	**-**	**-**	**50**	**30**	**20**
-	-	-	206	84	122	206	84	122
-	**-**	**-**	**206**	**84**	**122**	**206**	**84**	**122**
-	-	-	200	86	114	200	86	114
-	**-**	**-**	**200**	**86**	**114**	**200**	**86**	**114**
-	-	-	1,750	1,300	450	1,750	1,300	450
-	**-**	**-**	**1,750**	**1,300**	**450**	**1,750**	**1,300**	**450**
3,395	3,395	-	-	-	-	3,395	3,395	-
3,395	**3,395**	**-**	**-**	**-**	**-**	**3,395**	**3,395**	**-**
587	583	4	233	125	108	997	872	125
587	**583**	**4**	**233**	**125**	**108**	**997**	**872**	**125**
-	-	-	485	361	124	485	361	124
-	**-**	**-**	**485**	**361**	**124**	**485**	**361**	**124**
-	-	-	266	266	-	266	266	-
-	**-**	**-**	**266**	**266**	**-**	**266**	**266**	**-**
-	-	-	175	170	5	175	170	5
-	**-**	**-**	**175**	**170**	**5**	**175**	**170**	**5**
-	-	-	1,000	919	81	1,000	919	81
-	-	-	-	-	-	115	24	91
-	**-**	**-**	**1,000**	**919**	**81**	**1,115**	**943**	**172**

Continued on next page...

	General Fund		
	Budget	**Actual**	**Variance**
Alcoholic Beverage Control Board			
Administrative Services	-	-	-
Alcoholic Beverage Management	-	-	-
Licensing, Regulation and Enforcement	-	-	-
Total Alcoholic Beverage Control Board	-	-	-
Architects Registration Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Architects Registration Board	-	-	-
Archives and History			
Historical Resources Management	2,102	2,048	54
Total Archives and History	**2,102**	**2,048**	**54**
Assisted Living Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Assisted Living Examiners Board	-	-	-
Athlete Agent Regulatory Commission			
Professional and Occupational Licensure and Regulation	-	-	-
Total Athlete Agent Regulatory Commission	-	-	-
Athletic Trainers Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Athletic Trainers Board	-	-	-
Auctioneers Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Auctioneers Board	-	-	-
Banking			
Charter Licensure and Regulation Financial	-	-	-
Total Banking	-	-	-
Board of Adjustment			
Special Services: Damage Claims-Board of Adjustment	19	8	11
Special Services: Death Claims-Board of Adjustment	553	553	-
Total Board of Adjustment	**572**	**561**	**11**
Board of Cosmetology and Barbering			
Professional and Occupational Licensure and Regulation	-	-	-
Total Board of Cosmetology and Barbering	-	-	-
Board of Prosthetists and Orthotists			
Professional and Occupational Licensure and Regulation	-	-	-
Total Board of Prosthetists and Orthotists	-	-	-
Board of Respiratory Therapy			
Professional and Occupational Licensure and Regulation	-	-	-
Total Board of Respiratory Therapy	-	-	-
Building Commission			
Professional and Occupational Licensure and Regulation	-	-	-
Special Services	105	98	7
Total Building Commission	**105**	**98**	**7**
Child Abuse & Neglect Prevention			
Social Services	-	-	-
Total Child Abuse & Neglect Prevention	-	-	-
Children Services Facilitation			
Human Services	-	-	-
Total Children Services Facilitation	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	9,550	8,700	850	9,550	8,700	850
-	-	-	53,142	51,029	2,113	53,142	51,029	2,113
-	-	-	20,428	16,459	3,969	20,428	16,459	3,969
-	**-**	**-**	**83,120**	**76,188**	**6,932**	**83,120**	**76,188**	**6,932**
-	-	-	515	477	38	515	477	38
-	**-**	**-**	**515**	**477**	**38**	**515**	**477**	**38**
4,039	4,036	3	54	39	15	6,195	6,123	72
4,039	**4,036**	**3**	**54**	**39**	**15**	**6,195**	**6,123**	**72**
-	-	-	86	82	4	86	82	4
-	**-**	**-**	**86**	**82**	**4**	**86**	**82**	**4**
-	-	-	52	11	41	52	11	41
-	**-**	**-**	**52**	**11**	**41**	**52**	**11**	**41**
-	-	-	64	50	14	64	50	14
-	**-**	**-**	**64**	**50**	**14**	**64**	**50**	**14**
-	-	-	150	135	15	150	135	15
-	**-**	**-**	**150**	**135**	**15**	**150**	**135**	**15**
-	-	-	15,054	13,528	1,526	15,054	13,528	1,526
-	**-**	**-**	**15,054**	**13,528**	**1,526**	**15,054**	**13,528**	**1,526**
-	-	-	-	-	-	19	8	11
-	-	-	-	-	-	553	553	-
-	**-**	**-**	**-**	**-**	**-**	**572**	**561**	**11**
-	-	-	3,102	2,168	934	3,102	2,168	934
-	**-**	**-**	**3,102**	**2,168**	**934**	**3,102**	**2,168**	**934**
-	-	-	154	149	5	154	149	5
-	**-**	**-**	**154**	**149**	**5**	**154**	**149**	**5**
-	-	-	350	149	201	350	149	201
-	**-**	**-**	**350**	**149**	**201**	**350**	**149**	**201**
-	-	-	114	101	13	114	101	13
-	-	-	1,540	1,478	62	1,645	1,576	69
-	**-**	**-**	**1,654**	**1,579**	**75**	**1,759**	**1,677**	**82**
-	-	-	7,131	7,041	90	7,131	7,041	90
-	**-**	**-**	**7,131**	**7,041**	**90**	**7,131**	**7,041**	**90**
-	-	-	4,675	3,646	1,029	4,675	3,646	1,029
-	**-**	**-**	**4,675**	**3,646**	**1,029**	**4,675**	**3,646**	**1,029**

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DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)
For the Fiscal Year Ended September 30, 2014

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Children's Affairs			
Children's Policy Council	-	-	-
Social Services	-	-	-
Total Children's Affairs	**-**	**-**	**-**
Chiropractic Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Chiropractic Examiners Board	**-**	**-**	**-**
Choctawhatchee, Pea and Yellow Rivers Watershed Management Authority			
Water Resource Development	201	186	15
Total Choctawhatchee, Pea and Yellow Rivers Watershed Management Authority	**201**	**186**	**15**
Conservation and Natural Resources			
Administrative Services	-	-	-
Game and Fish	-	-	-
Marine Police	-	-	-
Marine Resources	-	-	-
Outdoor Recreation Sites and Services	-	-	-
State Land Management	-	-	-
Total Conservation and Natural Resources	**-**	**-**	**-**
Council on the Arts			
Fine Arts	-	-	-
Total Council on the Arts	**-**	**-**	**-**
Counseling Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Counseling Examiners Board	**-**	**-**	**-**
Court of Civil Appeals			
Court Operations	3,837	3,585	252
Total Court of Civil Appeals	**3,837**	**3,585**	**252**
Court of Criminal Appeals			
Court Operations	4,587	4,115	472
Total Court of Criminal Appeals	**4,587**	**4,115**	**472**
Credit Union Administration			
Charter Licensure and Regulation Financial	-	-	-
Total Credit Union Administration	**-**	**-**	**-**
Crime Victims Compensation Commission			
Special Services	-	-	-
Total Crime Victims Compensation Commission	**-**	**-**	**-**
Criminal Justice Information Center			
Criminal Justice Infomation Services	759	759	-
Total Criminal Justice Information Center	**759**	**759**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
-	-	-	565	179	386	565	179	386
30,209	30,151	58	12,610	8,027	4,583	42,819	38,178	4,641
30,209	**30,151**	**58**	**13,175**	**8,206**	**4,969**	**43,384**	**38,357**	**5,027**
-	-	-	518	313	205	518	313	205
-	**-**	**-**	**518**	**313**	**205**	**518**	**313**	**205**
-	-	-	40	13	27	241	199	42
-	**-**	**-**	**40**	**13**	**27**	**241**	**199**	**42**
-	-	-	11,027	8,765	2,262	11,027	8,765	2,262
-	-	-	37,482	34,789	2,693	37,482	34,789	2,693
-	-	-	22,086	15,835	6,251	22,086	15,835	6,251
-	-	-	13,461	10,047	3,414	13,461	10,047	3,414
-	-	-	10,657	8,894	1,763	10,657	8,894	1,763
-	-	-	32,530	12,704	19,826	32,530	12,704	19,826
-	**-**	**-**	**127,243**	**91,034**	**36,209**	**127,243**	**91,034**	**36,209**
3,784	3,778	6	712	712	-	4,496	4,490	6
3,784	**3,778**	**6**	**712**	**712**	**-**	**4,496**	**4,490**	**6**
-	-	-	429	281	148	429	281	148
-	**-**	**-**	**429**	**281**	**148**	**429**	**281**	**148**
-	-	-	-	-	-	3,837	3,585	252
-	**-**	**-**	**-**	**-**	**-**	**3,837**	**3,585**	**252**
-	-	-	-	-	-	4,587	4,115	472
-	**-**	**-**	**-**	**-**	**-**	**4,587**	**4,115**	**472**
-	-	-	1,601	1,347	254	1,601	1,347	254
-	**-**	**-**	**1,601**	**1,347**	**254**	**1,601**	**1,347**	**254**
-	-	-	4,040	2,450	1,590	4,040	2,450	1,590
-	**-**	**-**	**4,040**	**2,450**	**1,590**	**4,040**	**2,450**	**1,590**
-	-	-	13,268	10,192	3,076	14,027	10,951	3,076
-	**-**	**-**	**13,268**	**10,192**	**3,076**	**14,027**	**10,951**	**3,076**

Continued on next page...

	General Fund		
	Budget	**Actual**	**Variance**
Debt Service and Reserve			
Debt Service	-	-	-
Debt Service: 2005-A General Obligation Bonds	-	-	-
Debt Service: Alabama Building Renovation Fin Authority	4,616	4,616	-
Debt Service: General Obligation 2006 Debt Service	-	-	-
Debt Service: General Obligation 2007-A Debt Service	17,682	17,682	-
Debt Service: General Obligation 2010-A Refunding Agriculture Development	-	-	-
Debt Service: General Obligation 2010-B Refunding Forensic Science	-	-	-
Debt Service: General Obligation 2010-C Refunding Parks Systems Board	7,933	7,933	-
Debt Service: General Obligation 2010-D Bonds	2,579	2,579	-
Debt Service: General Obligation 2013-A Refunding Bonds	-	-	-
Debt Service: General Obligation 2013-B Capital Improvement Bonds	-	-	-
Debt Service: General Obligation 2013-C Refunding Bonds	266	262	4
Total Debt Service and Reserve	**33,076**	**33,072**	**4**
Department of Commerce			
Industrial Development: Alabama Department of Commerce	4,921	4,625	296
Industrial Training: Ala Industrial Development Training/Workforce Development	-	-	-
Industrial Training: Alabama Industrial Development Training/Training Program	-	-	-
Total Department of Commerce	**4,921**	**4,625**	**296**
Dieteticians and Nutritionists Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Dieteticians and Nutritionists Examining Board	-	-	-
District Attorneys			
Court Operations	28,007	27,522	485
Total District Attorneys	**28,007**	**27,522**	**485**
Educational Television Commission			
Educational Television	-	-	-
Total Educational Television Commission	-	-	-
Electrical Contractors Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Electrical Contractors Board	-	-	-
Electronic Security Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Electronic Security Board	-	-	-
Environmental Management			
Environmental Management	-	-	-
Total Environmental Management	-	-	-
ETF Direct Disbursements			
Debt Service: Auburn University Endowment	-	-	-
Debt Service: Grove Hill Endowment	-	-	-
Debt Service: University of Alabama Endowment	-	-	-
Employee Benefits: Teachers Retirement System Unused Sick Leave Death Benefits	-	-	-
Financial Assistance: Alabama School of Fine Arts	-	-	-
Financial Assistance: American Legion Scholarships	-	-	-
Special Services: Space Science Exhibit Commission	-	-	-
Support - Other Educational Activities: Dental Scholarships	-	-	-
Support - Other Educational Activities: Marine Environmental	-	-	-
Support - Other Educational Activities: Optometric Scholarships	-	-	-
Total ETF Direct Disbursements	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	66,274	66,274	-	66,274	66,274	-
3,765	3,765	-	1,156	1,156	-	4,921	4,921	-
-	-	-	-	-	-	4,616	4,616	-
-	-	-	4,728	4,724	4	4,728	4,724	4
1,373	1,373	-	5,179	5,179	-	24,234	24,234	-
5,004	5,004	-	-	-	-	5,004	5,004	-
1,523	1,523	-	-	-	-	1,523	1,523	-
-	-	-	-	-	-	7,933	7,933	-
6,524	6,524	-	-	-	-	9,103	9,103	-
2,114	2,114	-	4,194	3,426	768	6,308	5,540	768
-	-	-	2,519	2,519	-	2,519	2,519	-
-	-	-	-	-	-	266	262	4
20,303	**20,303**	**-**	**84,050**	**83,278**	**772**	**137,429**	**136,653**	**776**
-	-	-	1,687	1,458	229	6,608	6,083	525
41,371	41,371	-	-	-	-	41,371	41,371	-
10,246	10,246	-	-	-	-	10,246	10,246	-
51,617	**51,617**	**-**	**1,687**	**1,458**	**229**	**58,225**	**57,700**	**525**
-	-	-	150	114	36	150	114	36
-	**-**	**-**	**150**	**114**	**36**	**150**	**114**	**36**
-	-	-	-	-	-	28,007	27,522	485
-	**-**	**-**	**-**	**-**	**-**	**28,007**	**27,522**	**485**
4,600	4,598	2	603	529	74	5,203	5,127	76
4,600	**4,598**	**2**	**603**	**529**	**74**	**5,203**	**5,127**	**76**
-	-	-	925	676	249	925	676	249
-	**-**	**-**	**925**	**676**	**249**	**925**	**676**	**249**
-	-	-	384	324	60	384	324	60
-	**-**	**-**	**384**	**324**	**60**	**384**	**324**	**60**
-	-	-	68,226	55,969	12,257	68,226	55,969	12,257
-	**-**	**-**	**68,226**	**55,969**	**12,257**	**68,226**	**55,969**	**12,257**
20	20	-	-	-	-	20	20	-
1	1	-	-	-	-	1	1	-
61	61	-	-	-	-	61	61	-
1,740	812	928	-	-	-	1,740	812	928
6,668	6,668	-	-	-	-	6,668	6,668	-
113	100	13	-	-	-	113	100	13
482	482	-	-	-	-	482	482	-
191	191	-	-	-	-	191	191	-
3,805	3,805	-	-	-	-	3,805	3,805	-
107	107	-	-	-	-	107	107	-
13,188	**12,247**	**941**	**-**	**-**	**-**	**13,188**	**12,247**	**941**

Continued on next page...

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)
For the Fiscal Year Ended September 30, 2014

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
ETF Non-State			
Support - Other Educational Activities: Lyman Ward Military Academy	-	-	-
Support - Other Educational Activities: Talladega College	-	-	-
Support - Other Educational Activities: Tuskegee University	-	-	-
Total ETF Non-State	-	-	-
Ethics Commission			
Regulation of Public Officials and Employees	2,632	1,768	864
Total Ethics Commission	**2,632**	**1,768**	**864**
Finance Special Appropriations			
Administration Service and Logistical Support: Removal of Prisoners	740	740	-
Criminal Investigation: Arrest of Absconding Felons	26	5	21
Executive Direction: Governors' Widow Retirement	6	-	6
Fiscal Management: Cash Management Improvement Act	200	11	189
Fiscal Management: Employee Suggestion Awards Program	50	-	50
Institutional Service Corrections: Feeding of Prisoners	8,500	8,495	5
Legal Advice and Legal Service: Automatic Appeal Expense	17	-	17
Legal Advice and Legal Service: Court Assessed Cost Not Provided	252	218	34
Legal Advice and Legal Service: Law Enforcement Legal Defense	1	-	1
Special Services: Court Assessed Cost Not Provided	5,500	4,892	608
Special Services: Election Expenses	6,800	6,797	3
Special Services: Emergency Fund, Departmental	8,213	2,994	5,219
Special Services: Registration of Voters	4,237	3,812	425
Total Finance Special Appropriations	**34,542**	**27,964**	**6,578**
Finance Special Funds			
Appropriation Transfers	-	-	-
Non-State	-	-	-
Special Services	-	-	-
Total Finance Special Funds	-	-	-
Forensic Sciences			
Forensic Science Services	8,590	8,588	2
Total Forensic Sciences	**8,590**	**8,588**	**2**
Foresters Registration Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Foresters Registration Board	-	-	-
Forestry Commission			
Forest Resources Protection and Development	-	-	-
Total Forestry Commission	-	-	-
Forever Wild Land Trust			
Administrative Services	-	-	-
Total Forever Wild Land Trust	-	-	-
Fringe Benefit Accounts			
Fringe Benefits: Judicial Retirement - General Fund Share	2,805	2,805	-
Total Fringe Benefit Accounts	**2,805**	**2,805**	**-**
Funeral Services Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Funeral Services Board	-	-	-
General Contractors Licensing Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total General Contractors Licensing Board	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
273	273	-	-	-	-	273	273	-
633	633	-	-	-	-	633	633	-
9,069	9,069	-	-	-	-	9,069	9,069	-
9,975	**9,975**	-	-	-	-	**9,975**	**9,975**	-
-	-	-	-	-	-	2,632	1,768	864
-	-	-	-	-	-	**2,632**	**1,768**	**864**
-	-	-	-	-	-	740	740	-
-	-	-	-	-	-	26	5	21
-	-	-	-	-	-	6	-	6
-	-	-	-	-	-	200	11	189
-	-	-	-	-	-	50	-	50
-	-	-	-	-	-	8,500	8,495	5
-	-	-	-	-	-	17	-	17
-	-	-	-	-	-	252	218	34
-	-	-	-	-	-	1	-	1
-	-	-	-	-	-	5,500	4,892	608
-	-	-	-	-	-	6,800	6,797	3
-	-	-	-	-	-	8,213	2,994	5,219
-	-	-	-	-	-	4,237	3,812	425
-	-	-	-	-	-	**34,542**	**27,964**	**6,578**
-	-	-	199,317	199,317	-	199,317	199,317	-
-	-	-	50,636	50,636	-	50,636	50,636	-
-	-	-	130	126	4	130	126	4
-	-	-	**250,083**	**250,079**	**4**	**250,083**	**250,079**	**4**
-	-	-	19,371	13,765	5,606	27,961	22,353	5,608
-	-	-	**19,371**	**13,765**	**5,606**	**27,961**	**22,353**	**5,608**
-	-	-	200	114	86	200	114	86
-	-	-	**200**	**114**	**86**	**200**	**114**	**86**
-	-	-	24,874	22,174	2,700	24,874	22,174	2,700
-	-	-	**24,874**	**22,174**	**2,700**	**24,874**	**22,174**	**2,700**
-	-	-	7,319	2,838	4,481	7,319	2,838	4,481
-	-	-	**7,319**	**2,838**	**4,481**	**7,319**	**2,838**	**4,481**
-	-	-	-	-	-	2,805	2,805	-
-	-	-	-	-	-	**2,805**	**2,805**	-
-	-	-	374	292	82	374	292	82
-	-	-	**374**	**292**	**82**	**374**	**292**	**82**
-	-	-	2,218	1,308	910	2,218	1,308	910
-	-	-	**2,218**	**1,308**	**910**	**2,218**	**1,308**	**910**

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DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)
For the Fiscal Year Ended September 30, 2014

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
General Fund Direct Disbursements			
Historical Resources Management: Historic Ironworks Commission	39	39	-
Water Resource Development: Tennessee-Tombigbee Waterway	100	100	-
Total General Fund Direct Disbursements	**139**	**139**	**-**
General Fund Non-State			
Non-State: Coalition Against Domestic Violence	197	197	-
Total General Fund Non-State	**197**	**197**	**-**
Geological Survey			
Mineral, Energy, and Water Resources	2,739	2,268	471
Total Geological Survey	**2,739**	**2,268**	**471**
Governor's Mansion Authority			
Historical Resources Management	-	-	-
Total Governor's Mansion Authority	**-**	**-**	**-**
Governor's Office on Disability			
Executive Direction	222	86	136
Total Governor's Office on Disability	**222**	**86**	**136**
Health Planning and Development			
Health Planning Development and Regulation	83	83	-
Total Health Planning and Development	**83**	**83**	**-**
Hearing Instrument Dealers Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Hearing Instrument Dealers Board	**-**	**-**	**-**
Heating, Air Conditioning, and Refrigeration Contractors Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Heating, Air Conditioning, and Refrigeration Contractors Board	**-**	**-**	**-**
High School of Math and Science			
Financial Assistance	-	-	-
Total High School of Math and Science	**-**	**-**	**-**
Historical Commission			
Historical Resources Management: Alabama Historical Commission	-	-	-
Historical Resources Management: Capitol Preservation	-	-	-
Historical Resources Management: Confederate Park-Soldier Fund	-	-	-
Historical Resources Management: J T Morgan House	-	-	-
Total Historical Commission	**-**	**-**	**-**
Home Builders Licensure Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Home Builders Licensure Board	**-**	**-**	**-**
Home Medical Equipment Services Provider Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Home Medical Equipment Services Provider Board	**-**	**-**	**-**
Indian Affairs Commission			
Social Services	46	33	13
Total Indian Affairs Commission	**46**	**33**	**13**
Insurance			
Regulatory Services	-	-	-
Total Insurance	**-**	**-**	**-**
Interior Design Registration Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Interior Design Registration Board	**-**	**-**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	39	39	-
-	-	-	-	-	-	100	100	-
-	-	-	-	-	-	**139**	**139**	-
-	-	-	-	-	-	197	197	-
-	-	-	-	-	-	**197**	**197**	-
500	497	3	3,681	1,016	2,665	6,920	3,781	3,139
500	**497**	**3**	**3,681**	**1,016**	**2,665**	**6,920**	**3,781**	**3,139**
-	-	-	875	497	378	875	497	378
-	-	-	**875**	**497**	**378**	**875**	**497**	**378**
-	-	-	-	-	-	222	86	136
-	-	-	-	-	-	**222**	**86**	**136**
-	-	-	1,300	856	444	1,383	939	444
-	-	-	**1,300**	**856**	**444**	**1,383**	**939**	**444**
-	-	-	54	35	19	54	35	19
-	-	-	**54**	**35**	**19**	**54**	**35**	**19**
-	-	-	1,500	1,132	368	1,500	1,132	368
-	-	-	**1,500**	**1,132**	**368**	**1,500**	**1,132**	**368**
6,055	6,049	6	428	5	423	6,483	6,054	429
6,055	**6,049**	**6**	**428**	**5**	**423**	**6,483**	**6,054**	**429**
-	-	-	5,440	5,047	393	5,440	5,047	393
-	-	-	204	189	15	204	189	15
-	-	-	575	438	137	575	438	137
-	-	-	243	237	6	243	237	6
-	-	-	**6,462**	**5,911**	**551**	**6,462**	**5,911**	**551**
-	-	-	4,108	1,994	2,114	4,108	1,994	2,114
-	-	-	**4,108**	**1,994**	**2,114**	**4,108**	**1,994**	**2,114**
-	-	-	450	243	207	450	243	207
-	-	-	**450**	**243**	**207**	**450**	**243**	**207**
-	-	-	422	289	133	468	322	146
-	-	-	**422**	**289**	**133**	**468**	**322**	**146**
-	-	-	12,749	10,771	1,978	12,749	10,771	1,978
-	-	-	**12,749**	**10,771**	**1,978**	**12,749**	**10,771**	**1,978**
-	-	-	50	39	11	50	39	11
-	-	-	**50**	**39**	**11**	**50**	**39**	**11**

Continued on next page...

	General Fund		
	Budget	**Actual**	**Variance**
Interpreters and Transliterators			
Professional and Occupational Licensure and Regulation	-	-	-
Total Interpreters and Transliterators	**-**	**-**	**-**
Judicial Inquiry Commission			
Administrative Services	535	483	52
Total Judicial Inquiry Commission	**535**	**483**	**52**
Knight vs. Alabama Financial Obligation			
Support of State Universities: Alabama State-Ph.D. Microbiology Program	-	-	-
Total Knight vs. Alabama Financial Obligation	**-**	**-**	**-**
Landscape Architect Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Landscape Architect Examining Board	**-**	**-**	**-**
Legislative Building Authority			
Legislative Operations and Support	106	92	14
Total Legislative Building Authority	**106**	**92**	**14**
Legislative Council			
Legislative Operations and Support	501	469	32
Total Legislative Council	**501**	**469**	**32**
Legislative Fiscal Office			
Legislative Operations and Support	2,612	1,213	1,399
Total Legislative Fiscal Office	**2,612**	**1,213**	**1,399**
Legislative Reference Service			
Legislative Operations and Support	-	-	-
Legislative Operations and Support: Code Supplement - Legislative Reference Service	99	24	75
Legislative Operations and Support: Legislative Reference Service	2,117	1,911	206
Total Legislative Reference Service	**2,216**	**1,935**	**281**
Lieutenant Governor			
Legislative Operations and Support	1,092	541	551
Total Lieutenant Governor	**1,092**	**541**	**551**
Liquefied Petroleum Gas Board			
Regulatory Services	-	-	-
Total Liquefied Petroleum Gas Board	**-**	**-**	**-**
Manufactured Housing Commission			
Regulatory Services	-	-	-
Total Manufactured Housing Commission	**-**	**-**	**-**
Marriage and Family Therapy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Marriage and Family Therapy Board	**-**	**-**	**-**
Massage Therapy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Massage Therapy Board	**-**	**-**	**-**
Medical Scholarships Awards Board			
Support - Other Educational Activities	-	-	-
Total Medical Scholarships Awards Board	**-**	**-**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	50	37	13	50	37	13
-	**-**	**-**	**50**	**37**	**13**	**50**	**37**	**13**
-	-	-	-	-	-	535	483	52
-	**-**	**-**	**-**	**-**	**-**	**535**	**483**	**52**
1,734	1,734	-	-	-	-	1,734	1,734	-
1,734	**1,734**	**-**	**-**	**-**	**-**	**1,734**	**1,734**	**-**
-	-	-	65	48	17	65	48	17
-	**-**	**-**	**65**	**48**	**17**	**65**	**48**	**17**
-	-	-	869	435	434	975	527	448
-	**-**	**-**	**869**	**435**	**434**	**975**	**527**	**448**
-	-	-	-	-	-	501	469	32
-	**-**	**-**	**-**	**-**	**-**	**501**	**469**	**32**
457	438	19	-	-	-	3,069	1,651	1,418
457	**438**	**19**	**-**	**-**	**-**	**3,069**	**1,651**	**1,418**
288	288	-	150	104	46	438	392	46
-	-	-	-	-	-	99	24	75
-	-	-	-	-	-	2,117	1,911	206
288	**288**	**-**	**150**	**104**	**46**	**2,654**	**2,327**	**327**
-	-	-	-	-	-	1,092	541	551
-	**-**	**-**	**-**	**-**	**-**	**1,092**	**541**	**551**
-	-	-	1,855	1,147	708	1,855	1,147	708
-	**-**	**-**	**1,855**	**1,147**	**708**	**1,855**	**1,147**	**708**
-	-	-	4,437	2,201	2,236	4,437	2,201	2,236
-	**-**	**-**	**4,437**	**2,201**	**2,236**	**4,437**	**2,201**	**2,236**
-	-	-	100	74	26	100	74	26
-	**-**	**-**	**100**	**74**	**26**	**100**	**74**	**26**
-	-	-	150	122	28	150	122	28
-	**-**	**-**	**150**	**122**	**28**	**150**	**122**	**28**
740	740	-	400	-	400	1,140	740	400
740	**740**	**-**	**400**	**-**	**400**	**1,140**	**740**	**400**

Continued on next page...

	General Fund		
	Budget	**Actual**	**Variance**
Military			
Military Operations: Active Military Service	975	637	338
Military Operations: ANG Operations and Maintenance	845	749	96
Military Operations: Counter Drug	-	-	-
Military Operations: Military- Army MCCA	-	-	-
Military Operations: Military Billeting	-	-	-
Military Operations: Operations	1,983	836	1,147
Military Operations: Operations and Maintenance	5,879	3,876	2,003
Military Operations: Quartering Allowance to Headquarters	1,269	1,188	81
Military Operations: State Defense Force	30	4	26
Total Military	**10,981**	**7,290**	**3,691**
Music Hall of Fame			
Fine Arts	-	-	-
Total Music Hall of Fame	-	-	-
Nursing Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Nursing Board	-	-	-
Nursing Home Administration Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Nursing Home Administration Examining Board	-	-	-
Occupational Therapy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Occupational Therapy Board	-	-	-
Office of Information Technology			
Administrative Support Service	-	-	-
Total Office of Information Technology	-	-	-
Office of Prosecution Services			
Court Operations	-	-	-
Prosecution Training Education and Management	632	632	-
Total Office of Prosecution Services	**632**	**632**	**-**
Oil and Gas Board			
Management and Regulation of Oil and Gas Exploration/Development	3,011	2,533	478
Total Oil and Gas Board	**3,011**	**2,533**	**478**
Pardons and Paroles			
Administration of Pardons and Paroles	28,147	27,908	239
Total Pardons and Paroles	**28,147**	**27,908**	**239**
Peace Officer Annuity and Benefit			
Retirement Systems	-	-	-
Total Peace Officer Annuity and Benefit	-	-	-
Peace Officer Standards and Training			
Certified Law Enforcement Academy Program	-	-	-
Professional and Occupational Licensure and Regulation	-	-	-
Total Peace Officer Standards and Training	-	-	-
Personnel			
Administrative Support Service	-	-	-
Total Personnel	-	-	-
Physical Fitness Commission			
Advisory Services	-	-	-
Total Physical Fitness Commission	-	-	-

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	-	-	-	975	637	338
-	-	-	6,511	5,638	873	7,356	6,387	969
-	-	-	13	11	2	13	11	2
-	-	-	11,842	-	11,842	11,842	-	11,842
-	-	-	630	464	166	630	464	166
-	-	-	-	-	-	1,983	836	1,147
-	-	-	47,839	45,024	2,815	53,718	48,900	4,818
-	-	-	-	-	-	1,269	1,188	81
-	-	-	-	-	-	30	4	26
-	**-**	**-**	**66,835**	**51,137**	**15,698**	**77,816**	**58,427**	**19,389**
-	-	-	300	284	16	300	284	16
-	**-**	**-**	**300**	**284**	**16**	**300**	**284**	**16**
166	164	2	5,975	4,984	991	6,141	5,148	993
166	**164**	**2**	**5,975**	**4,984**	**991**	**6,141**	**5,148**	**993**
-	-	-	115	74	41	115	74	41
-	**-**	**-**	**115**	**74**	**41**	**115**	**74**	**41**
-	-	-	150	126	24	150	126	24
-	**-**	**-**	**150**	**126**	**24**	**150**	**126**	**24**
-	-	-	848	771	77	848	771	77
-	**-**	**-**	**848**	**771**	**77**	**848**	**771**	**77**
-	-	-	2,000	2,000	-	2,000	2,000	-
-	-	-	8,057	3,669	4,388	8,689	4,301	4,388
-	**-**	**-**	**10,057**	**5,669**	**4,388**	**10,689**	**6,301**	**4,388**
-	-	-	790	166	624	3,801	2,699	1,102
-	**-**	**-**	**790**	**166**	**624**	**3,801**	**2,699**	**1,102**
-	-	-	13,641	12,348	1,293	41,788	40,256	1,532
-	**-**	**-**	**13,641**	**12,348**	**1,293**	**41,788**	**40,256**	**1,532**
-	-	-	600	428	172	600	428	172
-	**-**	**-**	**600**	**428**	**172**	**600**	**428**	**172**
348	348	-	500	430	70	848	778	70
249	162	87	4,969	1,847	3,122	5,218	2,009	3,209
597	**510**	**87**	**5,469**	**2,277**	**3,192**	**6,066**	**2,787**	**3,279**
-	-	-	10,343	8,425	1,918	10,343	8,425	1,918
-	**-**	**-**	**10,343**	**8,425**	**1,918**	**10,343**	**8,425**	**1,918**
1,123	1,119	4	19	-	19	1,142	1,119	23
1,123	**1,119**	**4**	**19**	**-**	**19**	**1,142**	**1,119**	**23**

Continued on next page...

	General Fund		
	Budget	**Actual**	**Variance**
Physical Therapy Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Physical Therapy Board	**-**	**-**	**-**
Plumbers and Gas Fitters Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Plumbers and Gas Fitters Examining Board	**-**	**-**	**-**
Polygraph Examiners			
Professional and Occupational Licensure and Regulation	-	-	-
Total Polygraph Examiners	**-**	**-**	**-**
President Pro Tempore Senate			
Legislative Operations and Support	1,207	715	492
Total President Pro Tempore Senate	**1,207**	**715**	**492**
Private Investigation Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Private Investigation Board	**-**	**-**	**-**
Proessional Engineers Registration Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Proessional Engineers Registration Board	**-**	**-**	**-**
Professional Geologists Licensing Board			
Mineral, Energy, and Water Resources	-	-	-
Total Professional Geologists Licensing Board	**-**	**-**	**-**
Psychology Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Psychology Examiners Board	**-**	**-**	**-**
Public Education Employees Health Insurance Board			
Administrative Support Service	-	-	-
Total Public Education Employees Health Insurance Board	**-**	**-**	**-**
Public Library Service			
Public Library Services	-	-	-
Total Public Library Service	**-**	**-**	**-**
Public Livestock Market Board			
Agricultural Development Services	-	-	-
Total Public Livestock Market Board	**-**	**-**	**-**
Real Estate Appraisers Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Real Estate Appraisers Board	**-**	**-**	**-**
Real Estate Commission			
Professional and Occupational Licensure and Regulation	-	-	-
Total Real Estate Commission	**-**	**-**	**-**
Retirement Systems of Alabama			
Retirement Systems	-	-	-
Total Retirement Systems of Alabama	**-**	**-**	**-**
Securities Commission			
Regulatory Services	-	-	-
Total Securities Commission	**-**	**-**	**-**
Senior Services			
Elderly Medication Program	1,824	1,803	21
Medicaid Waiver Services	22,042	20,721	1,321
Planning and Advocacy for Elderly	7,776	7,761	15
Total Senior Services	**31,642**	**30,285**	**1,357**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	493	404	89	493	404	89
-	**-**	**-**	**493**	**404**	**89**	**493**	**404**	**89**
-	-	-	2,252	1,581	671	2,252	1,581	671
-	**-**	**-**	**2,252**	**1,581**	**671**	**2,252**	**1,581**	**671**
-	-	-	30	17	13	30	17	13
-	**-**	**-**	**30**	**17**	**13**	**30**	**17**	**13**
-	-	-	-	-	-	1,207	715	492
-	**-**	**-**	**-**	**-**	**-**	**1,207**	**715**	**492**
-	-	-	121	56	65	121	56	65
-	**-**	**-**	**121**	**56**	**65**	**121**	**56**	**65**
-	-	-	1,654	1,042	612	1,654	1,042	612
-	**-**	**-**	**1,654**	**1,042**	**612**	**1,654**	**1,042**	**612**
-	-	-	70	58	12	70	58	12
-	**-**	**-**	**70**	**58**	**12**	**70**	**58**	**12**
-	-	-	300	179	121	300	179	121
-	**-**	**-**	**300**	**179**	**121**	**300**	**179**	**121**
-	-	-	4,260	3,290	970	4,260	3,290	970
-	**-**	**-**	**4,260**	**3,290**	**970**	**4,260**	**3,290**	**970**
6,793	6,714	79	2,556	2,402	154	9,349	9,116	233
6,793	**6,714**	**79**	**2,556**	**2,402**	**154**	**9,349**	**9,116**	**233**
-	-	-	3	1	2	3	1	2
-	**-**	**-**	**3**	**1**	**2**	**3**	**1**	**2**
-	-	-	824	730	94	824	730	94
-	**-**	**-**	**824**	**730**	**94**	**824**	**730**	**94**
-	-	-	5,441	3,630	1,811	5,441	3,630	1,811
-	**-**	**-**	**5,441**	**3,630**	**1,811**	**5,441**	**3,630**	**1,811**
-	-	-	60,429	34,885	25,544	60,429	34,885	25,544
-	**-**	**-**	**60,429**	**34,885**	**25,544**	**60,429**	**34,885**	**25,544**
-	-	-	12,417	10,856	1,561	12,417	10,856	1,561
-	**-**	**-**	**12,417**	**10,856**	**1,561**	**12,417**	**10,856**	**1,561**
-	-	-	-	-	-	1,824	1,803	21
-	-	-	91,999	71,477	20,522	114,041	92,198	21,843
-	-	-	34,595	24,195	10,400	42,371	31,956	10,415
-	**-**	**-**	**126,594**	**95,672**	**30,922**	**158,236**	**125,957**	**32,279**

Continued on next page...

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)
For the Fiscal Year Ended September 30, 2014

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Serve Alabama			
Executive Direction	37	37	-
Total Serve Alabama	**37**	**37**	**-**
Sickle Cell Oversight Commission			
Support - Other Educational Activities	-	-	-
Total Sickle Cell Oversight Commission	**-**	**-**	**-**
Social Work Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Social Work Examiners Board	**-**	**-**	**-**
Soil and Water Conservation Commission			
Professional and Occupational Licensure and Regulation	-	-	-
Resource Conservation and Development	2,193	2,193	-
Water Resource Development	2,171	2,035	136
Total Soil and Water Conservation Commission	**4,364**	**4,228**	**136**
Speaker of the House			
Speaker of House, Office of	2,250	975	1,275
Total Speaker of the House	**2,250**	**975**	**1,275**
Speech Pathologists and Audiologists Examining Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Speech Pathologists and Audiologists Examining Board	**-**	**-**	**-**
State Bar Association			
Professional and Occupational Licensure and Regulation	-	-	-
Total State Bar Association	**-**	**-**	**-**
State Employees Insurance Board			
Administrative Support Service	-	-	-
Fringe Benefits	-	-	-
Total State Employees Insurance Board	**-**	**-**	**-**
State Executive Commission - Community Services			
Alabama Community Service Grant: House of Representatives	-	-	-
Alabama Community Service Grant: Senate	-	-	-
Total State Executive Commission - Community Services	**-**	**-**	**-**
State Industrial Development Authority			
Industrial Development	-	-	-
Total State Industrial Development Authority	**-**	**-**	**-**
State Law Enforcement			
Readiness and Recovery	682	672	10
Total State Law Enforcement	**682**	**672**	**10**
Supercomputer Authority			
Information Technology Services	-	-	-
Total Supercomputer Authority	**-**	**-**	**-**
Supreme Court			
Court Operations	10,737	9,209	1,528
Total Supreme Court	**10,737**	**9,209**	**1,528**
Supreme Court Law Library			
Court Operations	726	726	-
Total Supreme Court Law Library	**726**	**726**	**-**
Surface Mining Commission			
Industrial Safety and Accident Prevention	-	-	-
Total Surface Mining Commission	**-**	**-**	**-**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
250	250	-	5,298	2,698	2,600	5,585	2,985	2,600
250	**250**	**-**	**5,298**	**2,698**	**2,600**	**5,585**	**2,985**	**2,600**
1,305	1,289	16	-	-	-	1,305	1,289	16
1,305	**1,289**	**16**	**-**	**-**	**-**	**1,305**	**1,289**	**16**
-	-	-	420	299	121	420	299	121
-	**-**	**-**	**420**	**299**	**121**	**420**	**299**	**121**
-	-	-	5	2	3	5	2	3
-	-	-	-	-	-	2,193	2,193	-
-	-	-	1,917	1,337	580	4,088	3,372	716
-	**-**	**-**	**1,922**	**1,339**	**583**	**6,286**	**5,567**	**719**
-	-	-	-	-	-	2,250	975	1,275
-	**-**	**-**	**-**	**-**	**-**	**2,250**	**975**	**1,275**
-	-	-	296	190	106	296	190	106
-	**-**	**-**	**296**	**190**	**106**	**296**	**190**	**106**
-	-	-	6,377	5,469	908	6,377	5,469	908
-	**-**	**-**	**6,377**	**5,469**	**908**	**6,377**	**5,469**	**908**
-	-	-	7,604	5,396	2,208	7,604	5,396	2,208
-	-	-	1,592	1,592	-	1,592	1,592	-
-	**-**	**-**	**9,196**	**6,988**	**2,208**	**9,196**	**6,988**	**2,208**
750	750	-	-	-	-	750	750	-
750	750	-	-	-	-	750	750	-
1,500	**1,500**	**-**	**-**	**-**	**-**	**1,500**	**1,500**	**-**
-	-	-	2,350	1,661	689	2,350	1,661	689
-	**-**	**-**	**2,350**	**1,661**	**689**	**2,350**	**1,661**	**689**
-	-	-	12,937	9,335	3,602	13,619	10,007	3,612
-	**-**	**-**	**12,937**	**9,335**	**3,602**	**13,619**	**10,007**	**3,612**
-	-	-	16,182	14,637	1,545	16,182	14,637	1,545
-	**-**	**-**	**16,182**	**14,637**	**1,545**	**16,182**	**14,637**	**1,545**
-	-	-	-	-	-	10,737	9,209	1,528
-	**-**	**-**	**-**	**-**	**-**	**10,737**	**9,209**	**1,528**
250	250	-	-	-	-	976	976	-
250	**250**	**-**	**-**	**-**	**-**	**976**	**976**	**-**
-	-	-	7,698	4,990	2,708	7,698	4,990	2,708
-	**-**	**-**	**7,698**	**4,990**	**2,708**	**7,698**	**4,990**	**2,708**

Continued on next page...

DETAIL SCHEDULE OF BUDGET AND ACTUAL EXPENDITURES
All Agencies and Appropriations, *Non-GAAP, Budget Basis*
(Continued from previous page)
For the Fiscal Year Ended September 30, 2014

(Amounts in Thousands)

	General Fund		
	Budget	**Actual**	**Variance**
Tourism			
Tourism and Travel Promotion	625	518	107
Total Tourism	**625**	**518**	**107**
Veterans Affairs			
Administration of Veterans Affairs	1,691	1,271	420
Student Financial Aid	-	-	-
Veterans' Cemetary	-	-	-
Veterans' Home	-	-	-
Total Veterans Affairs	**1,691**	**1,271**	**420**
Veterinarian Medical Examiners Board			
Professional and Occupational Licensure and Regulation	-	-	-
Total Veterinarian Medical Examiners Board	-	-	-
Women's Commission			
Employment and Social Opportunities	-	-	-
Total Women's Commission	-	-	-
TOTAL Other	**234,298**	**212,452**	**21,846**
TOTAL EXPENDITURES	**$ 1,539,839**	**$ 1,484,807**	**$ 55,032**
TRANSFERS OUT:			
Education Trust Fund Transfers			
Building Commission	-	-	-
Child Abuse Board	-	-	-
Education Tech Fund Transfer	-	-	-
Education Trust Fund Proration Prevention Account	-	-	-
Human Resources	-	-	-
Mental Health	-	-	-
Public School Fund Endowment	-	-	-
Supercomputer	-	-	-
TOTAL Education Trust Fund Transfers	-	-	-
General Fund Transfers			
Agriculture and Conservation Development Commission	252	252	-
Child Abuse Board	85	85	-
Child Health Insurance Program	37,108	37,108	-
Constitutional Amendment 856 Repayment	5,000	5,000	-
Crime Victims Compensation Commission	100	100	-
Environmental Management - Operations	830	830	-
Fair Trial Tax Transfer	40,136	40,136	-
Finance	1,590	1,590	-
Forestry Commission	9,125	9,125	-
Forestry Emergency Forest Fire	180	180	-
Governor's Mansion Authority	264	264	-
Historical Commission	1,820	1,820	-
Human Resources	70,533	70,533	-
Local Emergency Management Agency Assistance	106	106	-
Mental Health	104,473	104,473	-
Revenue-Ad Valorem Equalization	250	250	-
Surface Mining Commission	164	164	-
TOTAL General Fund Transfers	**272,016**	**272,016**	**-**
TOTAL TRANSFERS OUT	**$ 272,016**	**$ 272,016**	**$ -**
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ 1,811,855**	**$ 1,756,823**	**$ 55,032**

Education Trust Fund			Earmarked Funds			Total		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	13,486	12,933	553	14,111	13,451	660
-	-	-	**13,486**	**12,933**	**553**	**14,111**	**13,451**	**660**
2,497	2,495	2	7,655	2,741	4,914	11,843	6,507	5,336
50,737	50,736	1	-	-	-	50,737	50,736	1
-	-	-	980	275	705	980	275	705
-	-	-	82,690	49,317	33,373	82,690	49,317	33,373
53,234	**53,231**	**3**	**91,325**	**52,333**	**38,992**	**146,250**	**106,835**	**39,415**
-	-	-	735	652	83	735	652	83
-	-	-	**735**	**652**	**83**	**735**	**652**	**83**
-	-	-	27	8	19	27	8	19
-	-	-	**27**	**8**	**19**	**27**	**8**	**19**
216,689	**215,456**	**1,233**	**1,284,413**	**1,039,120**	**245,293**	**1,735,400**	**1,467,028**	**268,372**
$ 5,666,594	**$ 5,662,035**	**$ 4,559**	**$16,137,582**	**$13,336,017**	**$ 2,801,565**	**$23,344,015**	**$20,482,859**	**$ 2,861,156**
510	510	-	-	-	-	510	510	-
1,079	1,079	-	-	-	-	1,079	1,079	-
1,584	1,584	-	-	-	-	1,584	1,584	-
330,389	330,389	-	-	-	-	330,389	330,389	-
13,915	13,915	-	-	-	-	13,915	13,915	-
44,202	44,202	-	-	-	-	44,202	44,202	-
533	533	-	-	-	-	533	533	-
8,312	8,312	-	-	-	-	8,312	8,312	-
400,524	**400,524**	**-**	**-**	**-**	**-**	**400,524**	**400,524**	**-**
-	-	-	-	-	-	252	252	-
-	-	-	-	-	-	85	85	-
-	-	-	-	-	-	37,108	37,108	-
-	-	-	-	-	-	5,000	5,000	-
-	-	-	-	-	-	100	100	-
-	-	-	-	-	-	830	830	-
-	-	-	-	-	-	40,136	40,136	-
-	-	-	-	-	-	1,590	1,590	-
-	-	-	-	-	-	9,125	9,125	-
-	-	-	-	-	-	180	180	-
-	-	-	-	-	-	264	264	-
-	-	-	-	-	-	1,820	1,820	-
-	-	-	-	-	-	70,533	70,533	-
-	-	-	-	-	-	106	106	-
-	-	-	-	-	-	104,473	104,473	-
-	-	-	-	-	-	250	250	-
-	-	-	-	-	-	164	164	-
-	-	-	-	-	-	**272,016**	**272,016**	**-**
$ 400,524	**$ 400,524**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 672,540**	**$ 672,540**	**$ -**
$ 6,067,118	**$ 6,062,559**	**$ 4,559**	**$16,137,582**	**$13,336,017**	**$ 2,801,565**	**$24,016,555**	**$21,155,399**	**$ 2,861,156**

STATE OF ALABAMA

SCHEDULE OF REVENUES BY PRINCIPAL SOURCES
Governmental Funds in State Treasury - Cash Basis, Transfers Excluded
For the Fiscal Year Ended September 30, 2014

(Amounts in Thousands)

TAXES		
General Sales Tax (4% on gross retail sale of merchandise)	$ 2,080,832	10.7%
General Use Tax	316,795	1.6%
Income Tax (2% to 5% personal income, 6.5% net corporate income)	3,531,049	18.0%
Property Tax Relief (represents portion of Income Tax used to offset property taxes lost in certain funds due to homestead exemptions)	48,691	0.2%
General Property Tax (6 1/2 mills for state on varying rates not over 30%)	330,069	1.7%
Gasoline Taxes (16¢ per gallon; 3¢ aviation; 1¢ jet)	400,301	2.0%
Utilities Tax (6% telephone, 4% other)	410,102	2.1%
Insurance Premium Tax (1% to 6%)	303,058	1.5%
Liquor & Wine Tax (totals 56%, collected by ABC stores)	112,862	0.6%
Tobacco & Cigarette Taxes (21.25 mills per cigarette; varying amounts on cigars, smoking tobacco, snuff, etc.)	126,465	0.6%
Corporation Taxes (privilege, 25¢ to $1.75 per $1,000 net worth; permit, entrance fees for filing)	98,050	0.5%
State Beer Tax (5¢ per 12 oz.)	55,618	0.3%
Public Utilities (2.2%)	146,416	0.7%
Motor Fuel Tax (diesel 17¢ per gallon)	142,249	0.7%
Tennessee Valley Authority (payments in-lieu of all state taxes)	106,578	0.5%
Leasing / Renting Tangible Personal Property - (4% most items, 1.5% vehicles, 2% garments)	73,765	0.4%
Production Privilege Tax (Oil & Gas Severance at amounts varying 2-8%)	109,989	0.6%
Financial Institutions Excise Tax (6.5% of net income of banks and other financial institutions)	32,021	0.2%
Documentary Filing Taxes (auto title, deed, mortgage, securities, etc)	64,125	0.3%
Coal Severance Tax (33.5¢ per ton)	5,582	0.0%
Forestry Severance Tax	5,442	0.0%
Inheritance Tax (amount of federal credit)	8	0.0%
Contractors Gross Receipts Tax (5% of gross receipts)	40,383	0.2%
Lodgings Tax (4% or 5% of charge)	56,825	0.3%
Hydroelectric Companies (tax on 2/5 mill per kilowatt hour and 2.2% per dollar gross receipts)	791	0.0%
Lubricating Oil Tax (6¢ per gallon)	1,853	0.0%
Pari-mutuel Betting (1 or 2% on pari-mutuel pools)	1,547	0.0%
Court Cost Taxes	25,967	0.1%
Medicaid Taxes	373,532	1.9%
Cellular Telephones (6%)	70,117	0.4%
Ground Materials Severance Tax	65	0.0%
Miscellaneous Taxes	18,331	0.1%
TOTAL TAXES	**9,089,478**	**46.2%**

LICENSES AND FEES		
Conservation Licenses (fishing, hunting, boat registration, etc)	27,501	0.1%
Drivers Licenses and Fees	50,017	0.3%
Petroleum Products Inspection Fees (.00025¢ to 15¢ per gallon)	57,705	0.3%
Agricultural Licenses and Fees	13,996	0.1%
Wholesale Oil Company License	11,934	0.1%
Motor Vehicle License ($23.00 on auto; up to $845.00 on trucks and up to $210.00 on buses)	158,997	0.8%
Privilege License (fees for privilege of operating stores, factories, professions, businesses, etc)	85,965	0.4%
Court Fees	77,051	0.4%
Alcoholic Beverage Licenses	2,669	0.0%
Insurance Corporation Licenses and Fees	1,267	0.0%
Miscellaneous License and Fees	173,680	0.9%
TOTAL LICENSES AND FEES	**660,782**	**3.4%**
FINES AND FORFEITS		
Court Fines and Forfeits	23,815	0.1%
Tobacco Settlement	93,142	0.5%
Miscellaneous Fines and Forfeits	25,056	0.1%
TOTAL FINES AND FORFEITS	**142,013**	**0.7%**
INVESTMENT INCOME	**208,301**	**1.1%**
FEDERAL REVENUES	**8,346,243**	**42.4%**
OTHER REVENUES		
Rents and Royalties	115,684	0.6%
Reimbursements	101,476	0.5%
Sales of Property or Services	54,431	0.3%
Contributions	20,143	0.1%
Intragovernmental Services	259,233	1.3%
Local Revenues	81,047	0.4%
Medicaid CPE/IGT Revenues	433,065	2.2%
Miscellaneous Revenues	160,790	0.8%
TOTAL OTHER REVENUES	**1,225,869**	**6.2%**
TOTAL REVENUES	**$19,672,686**	**100.0%**

SCHEDULE OF REVENUES BY PRINCIPAL SOURCES AND DISTRIBUTIONS OF REVENUES
Governmental Funds in State Treasury - Cash Basis, Transfers Excluded

For the Fiscal Year Ended September 30, 2014

(Amounts in Thousands)

	Total Revenues	Admin-istrative Expense	Net Revenues	Human Resources Funds	General Fund	Public School Fund	Education Trust Fund	Alabama Trust Fund
TAXES								
General Sales Tax	$ 2,080,832	$ 56,427	$ 2,024,405	$ 69,036	$ 102,293	$ 0	$ 1,624,470	$ 0
General Use Tax	316,795	3,986	312,809	500	86,618	-	224,633	-
Income Tax	3,531,049	50,878	3,480,171	-	-	-	3,480,171	-
Property Tax Relief	48,691	-	48,691	7,425	21,542	19,724	-	-
General Property Tax	330,069	5,463	324,606	48,829	125,116	150,661	-	-
Gasoline Taxes	400,301	12,672	387,629	-	-	-	-	-
Utilities Tax	410,102	313	409,789	-	-	-	395,189	-
Insurance Premium Tax	303,058	-	303,058	-	266,947	-	30,993	-
Liquor & Wine Tax	112,862	-	112,862	40,478	56,437	-	-	-
Tobacco & Cigarette Taxes	126,465	441	126,024	2,755	110,261	-	-	-
Corporation Taxes	98,050	-	98,050	-	60,000	-	-	-
State Beer Tax	55,618	-	55,618	11,124	16,685	-	22,247	-
Public Utilities	146,416	-	146,416	-	22,064	-	-	-
Motor Fuel Tax	142,249	1,360	140,889	-	-	-	-	-
Tennessee Valley Authority	106,578	-	106,578	-	-	-	-	-
Leasing/Renting Personal Property	73,765	-	73,765	-	73,765	-	-	-
Production Privilege Tax	109,989	-	109,989	-	84,567	-	-	-
Financial Institutions Excise Tax	32,021	131	31,890	-	16,051	-	-	-
Documentary Filing Taxes	64,125	260	63,865	-	63,865	-	-	-
Coal Severance Tax	5,582	-	5,582	-	-	-	-	-
Forestry Severance Tax	5,442	291	5,151	-	-	-	-	-
Inheritance Tax	8	-	8	-	8	-	-	-
Contractors Gross Receipts Tax	40,383	37	40,346	6,042	-	-	-	-
Lodgings Tax	56,825	35	56,790	-	41,019	-	-	-
Hydroelectric Companies	791	-	791	-	-	-	332	-
Lubricating Oil Tax	1,853	13	1,840	-	620	-	-	-
Pari-mutuel Betting	1,547	-	1,547	-	1,547	-	-	-
Court Cost Taxes	25,967	-	25,967	-	8,489	-	-	-
Medicaid Provider Taxes	373,532	224	373,308	-	-	-	-	-
Cellular Telephone Tax	70,117	-	70,117	-	44,014	-	24,258	-
Ground Materials Severance Tax	65	-	65	-	-	-	-	-
Miscellaneous Taxes	18,331	315	18,016	3	3,710	8	-	-
TOTAL TAXES	**9,089,478**	**132,846**	**8,956,632**	**186,192**	**1,205,618**	**170,393**	**5,802,293**	**0**
LICENSES AND FEES								
Conservation Licenses	27,501	-	27,501	-	-	-	-	-
Drivers Licenses and Fees	50,017	-	50,017	-	32,613	-	-	-
Petroleum Products Inspection Fee	57,705	-	57,705	-	-	-	-	-
Agricultural License and Fees	13,996	-	13,996	-	-	-	-	-
Wholesale Oil Company License	11,934	-	11,934	-	11,934	-	-	-
Motor Vehicle License	158,997	1,314	157,683	-	42,484	-	-	-
Privilege License	85,965	1,394	84,571	-	12,122	-	61	-
Court Fees	77,051	-	77,051	-	42,331	-	-	-
Alcoholic Beverage Licenses	2,669	-	2,669	-	2,669	-	-	-
Insurance Corp Licenses and Fees	1,267	-	1,267	-	603	-	-	-
Miscellaneous License and Fees	173,680	484	173,196	566	8,196	-	58	-
TOTAL LICENSES AND FEES	**660,782**	**3,192**	**657,590**	**566**	**152,952**	**0**	**119**	**0**
FINES AND FORFEITS								
Court Fines and Forfeits	23,815	-	23,815	-	14,787	-	-	-
Tobacco Settlement	93,142	-	93,142	-	-	-	-	-
Miscellaneous Fines and Forfeits	25,056	33	25,023	-	823	-	-	-
TOTAL FINES AND FORFEITS	**142,013**	**33**	**141,980**	**0**	**15,610**	**-**	**0**	**0**
INVESTMENT INCOME	**208,301**	**-**	**208,301**	**-**	**12,416**	**-**	**-**	**177,737**
FEDERAL REVENUES	**8,346,243**	**-**	**8,346,243**	**1,646,003**	**14**	**-**	**-**	**-**
Medicaid CPE/IGT Revenues	433,065	-	433,065	-	-	-	-	-
Miscellaneous Revenues	792,804	5,872	786,932	9,266	3,438	1,305	324	87,331
TOTAL REVENUES	**$ 19,672,686**	**$ 141,943**	**$ 19,530,743**	**$ 1,842,027**	**$ 1,390,048**	**$ 171,698**	**$ 5,802,736**	**$ 265,068**

Distributed To Local Government	Debt Service Funds	Medicaid	Transportation Department	Health General & Mental	Education Department	Economic & Community Affairs	Other	Distribution of Other Amounts
$ 4,943	$ 218,663	$ 0	$ 0	$ 0	$ 0	$ 0	$ 5,000	State Parks
-	-	-	-	-	-	-	1,058	Conservation Dept.
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
172,234	-	-	210,566	-	-	-	4,829	Conservation 3.6M
-	-	-	-	14,600	-	-	-	
-	-	-	-	4,525	-	-	593	Insurance Dept
-	1	-	-	15,946	-	-	-	
610	1,800	-	-	7,843	-	-	2,755	State Parks
38,050	-	-	-	-	-	-	-	
5,562	-	-	-	-	-	-	-	
-	-	-	-	124,352	-	-	-	
2,500	-	-	138,389	-	-	-	-	
88,460	-	-	-	-	-	-	18,118	Incentives Fin Auth
-	-	-	-	-	-	-	-	
25,422	-	-	-	-	-	-	-	
15,839	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
3,319	-	-	-	-	-	-	2,263	
-	-	-	-	-	-	-	5,151	Forestry
-	-	-	-	-	-	-	-	
-	-	-	-	34,304	-	-	-	
2,098	-	-	-	-	-	-	13,673	Tourism
-	-	-	-	459	-	-	-	
671	-	-	549	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	2,491	-	14,987	Fair Trial Fd 12.8M
-	-	373,308	-	-	-	-	-	
-	1,845	-	-	-	-	-	-	
65	-	-	-	-	-	-	-	
61	-	-	46	-	-	-	14,188	Labor 4.3M; ADEM 6.2M
359,834	**222,309**	**373,308**	**349,550**	**202,029**	**2,491**	**0**	**82,615**	
-	-	-	-	-	-	-	27,501	Conservation
891	-	-	-	-	-	-	16,513	Public Safety
8,090	-	-	44,335	-	-	-	5,280	Agriculture
-	-	-	-	-	-	-	13,996	Agriculture
-	-	-	-	-	-	-	-	
21,052	-	-	89,884	-	-	-	4,263	Corrections 3.2M
-	-	-	3,854	3,331	831	-	64,372	Prof & Occup Boards 30.8M
-	-	-	-	116	-	-	34,604	AOC 21.2M; DPS 2.8M; DFS 9M
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	664	Insurance Dept
-	-	12	1,322	34,277	-	11	128,754	ADEM 56.7; PSC 17; Parole 12.4M
30,033	**0**	**12**	**139,395**	**37,724**	**831**	**11**	**295,947**	
-	-	-	-	7	-	1,562	7,459	DFS 2.2M; DOC 1.9M
-	-	-	-	-	-	-	93,142	21st Century Fund
-	-	3,203	-	-	-	-	20,997	Atty Gen 11M
-	**0**	**3,203**	**0**	**7**	**0**	**1,562**	**121,598**	
-	**13**	**17**	**431**	**-**	**-**	**64**	**17,623**	Co & City CITF 14.4M
1,786	**13,724**	**3,904,546**	**920,201**	**379,786**	**879,029**	**173,881**	**427,273**	EMA 54M; DRS 70.8; DOL 59.9
-	-	433,065	-	-	-	-	-	
-	9,486	161,573	256,912	54,959	40,789	4,605	156,944	Cons 49 Uncl Prop 22 DOC 24M
$ 391,653	**$ 245,532**	**$ 4,875,724**	**$ 1,666,489**	**$ 674,505**	**$ 923,140**	**$ 180,123**	**$ 1,102,000**	

ALABAMA
TENNESSEE
TENNESSEE RIVER
RIVER
RIVER
BLACK WARRIOR
COOSA
RIVER
MISSISSIPPI
GEORGIA
CHEAHA R.
ALLAPOOSA
RIVER
RIVER
ALABAMA
TOMBIGBEE
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

Nonmajor Enterprise Funds

Nonmajor Enterprise Funds are used to account for the operations of State funds that provide goods and services to external users in a manner similar to private business enterprises. The cost of providing the goods or services are recovered primarily through user charges.

State Insurance Fund

Accounts for resources used to provide insurance coverage for State buildings, school buildings, and their contents.

Alabama Fire College and Personnel Standards Commission

Develops and delivers training courses and administers the process of fire service certification in the state.

Alabama Health Insurance Plan

Provides health insurance coverage for citizens who have lost their group health insurance.

Motor Sports Hall of Fame

Operates a public exhibit displaying the history of automotive racing and other motor sports.

Corrections Canteen

Accounts for the activity of the canteen funds of the Department of Corrections.

Military Department

Accounts for the Military Department's billeting activity and the canteen funds for the National Guard.

COMBINING STATEMENT OF NET POSITION
Nonmajor Enterprise Funds

September 30, 2014
(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Alabama Health Insurance Plan	Motor Sports Hall of Fame	Corrections Canteen
ASSETS					
Current Assets					
Cash and Cash Equivalents	$ 2,091	$ 3,575	$ 1,327	$ 18	$ 1,099
Investments, Short-term	3,882	4,367	-	65	-
Due From Other Funds	537	-	-	-	-
Due From Component Units	113	-	-	-	-
Accounts Receivable	4,320	443	-	-	226
Securities Lending Collateral	35	-	-	-	-
Inventory	-	150	-	-	881
Other Current Assets	11,010	-	300	-	-
Total Current Assets	**21,988**	**8,535**	**1,627**	**83**	**2,206**
Noncurrent Assets					
Investments, Long-term	70,794	-	-	-	-
Due From Other Funds	10,390	-	-	-	-
Due From Component Units	10	-	-	-	-
Other Noncurrent Assets	-	68	-	-	-
Capital Assets, Net of Accumulated Depreciation	-	5,237	-	1,094	-
Capital Assets Not Depreciated	1,859	1,003	-	2,630	-
Total Noncurrent Assets	**83,053**	**6,308**	**0**	**3,724**	**0**
TOTAL ASSETS	**105,041**	**14,843**	**1,627**	**3,807**	**2,206**
LIABILITIES					
Current Liabilities					
Warrants Payable	28	-	-	-	-
Due To Other Funds	-	-	-	-	1,068
Due To Component Units	-	-	451	-	-
Accounts Payable	79	545	1	31	128
Due To Other Governments	1	-	-	-	-
Claims Payable	17,159	-	150	-	-
Compensated Absences	-	304	-	-	-
Securities Lending Obligation	35	-	-	-	-
Total Current Liabilities	**17,302**	**849**	**602**	**31**	**1,196**
Noncurrent Liabilities					
Claims Payable	2,302	-	-	-	-
Due To Other Funds	10,000	-	-	-	-
Compensated Absences	-	-	-	10	-
Other Post-employment Benefits	-	-	-	29	-
Notes and Capital Leases Payable	-	-	-	1,506	-
Total Noncurent Liabilities	**12,302**	**0**	**0**	**1,545**	**0**
TOTAL LIABILITIES	**29,604**	**849**	**602**	**1,576**	**1,196**
NET POSITION					
Net Investment in Capital Assets	1,859	6,241	-	2,218	-
Education	-	7,753	-	-	-
Health	-	-	1,025	-	-
Unrestricted	73,578	-	-	13	1,010
TOTAL NET POSITION	**$ 75,437**	**$ 13,994**	**$ 1,025**	**$ 2,231**	**$ 1,010**

Military Department	Totals
$ 3,818	$ 11,928
-	8,314
-	537
-	113
8	4,997
10	45
231	1,262
-	11,310
4,067	**38,506**
-	70,794
-	10,390
-	10
-	68
1,221	7,552
-	5,492
1,221	**94,306**
5,288	**132,812**
-	28
1	1,069
-	451
80	864
3	4
-	17,309
-	304
10	45
94	**20,074**
-	2,302
-	10,000
16	26
196	225
-	1,506
212	**14,059**
306	**34,133**
1,221	11,539
-	7,753
-	1,025
3,761	78,362
$ 4,982	**$ 98,679**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Alabama Health Insurance Plan	Motor Sports Hall of Fame	Corrections Canteen
OPERATING REVENUES					
Charges for Goods and Services	$ 0	$ 2,546	$ 0	$ 0	$ 28,797
Premiums and Contributions	39,743	-	4,774	-	-
Rents and Leases	-	-	-	217	-
Total Operating Revenues	**39,743**	**2,546**	**4,774**	**217**	**28,797**
OPERATING EXPENSES					
Salaries, Wages, and Benefits	-	-	-	100	-
Utilities and Communications	-	492	-	-	-
Professional Services	3,493	-	8	3	-
Supplies, Materials, and Operating Expenses	24,153	6,598	352	6	16,524
Depreciation	-	495	-	100	-
Claims and Benefits	15,335	-	8,363	-	-
Other	54	-	-	11	-
Total Operating Expenses	**43,035**	**7,585**	**8,723**	**220**	**16,524**
Operating Income (Loss)	**(3,292)**	**(5,039)**	**(3,949)**	**(3)**	**12,273**
NONOPERATING REVENUES (EXPENSES)					
Grants	-	767	-	-	-
Investment Income	5,435	45	1	-	-
Other Nonoperating Revenues	61	-	-	39	-
Interest Expense	-	-	-	(78)	-
Other Nonoperating Expenses	(523)	-	-	-	-
Total Nonoperating Revenues (Expenses)	**4,973**	**812**	**1**	**(39)**	**0**
Income (Loss) Before Contributions and Transfers	**1,681**	**(4,227)**	**(3,948)**	**(42)**	**12,273**
Transfers In	-	3,683	-	-	-
Transfers Out	-	-	-	-	(12,273)
Increase (Decrease) in Net Position	**1,681**	**(544)**	**(3,948)**	**(42)**	**0**
Total Net Position, October 1, 2013, as Restated	73,756	14,538	4,973	2,273	1,010
Total Net Position, September 30, 2014	**$ 75,437**	**$ 13,994**	**$ 1,025**	**$ 2,231**	**$ 1,010**

Military Department	Totals
$ 12,993	$ 44,336
-	44,517
594	811
13,587	**89,664**
404	504
131	623
19	3,523
12,669	60,302
55	650
-	23,698
4	69
13,282	**89,369**
305	**295**
2	769
19	5,500
2	102
-	(78)
-	(523)
23	**5,770**
328	**6,065**
-	3,683
(109)	(12,382)
219	**(2,634)**
4,763	101,313
$ 4,982	**$ 98,679**

COMBINING STATEMENT OF CASH FLOWS
Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Alabama Health Insurance Plan	Motor Sports Hall of Fame	Corrections Canteen
Cash Flows from Operating Activities:					
Receipts from Customer & User Charges	$ 47,985	$ 1,770	$ 4,423	$ 218	$ 28,676
Receipts from Interfund Services	4,178	-	-	-	-
Receipts from Operating Grants	-	767	-	-	-
Receipts from Other Operating Activities	3,953	115	-	39	-
Payments for Goods Held for Resale	-	-	(39)	-	(16,440)
Payments for Other Goods & Services	(24,252)	(1,926)	(11,073)	(20)	-
Payments for Employees Services	-	(4,503)	-	(96)	-
Payments for Taxes, Fines, Penalties, & Similar Fees	(54)	-	-	-	-
Payments for Interfund Services	(9,926)	-	-	-	-
Payments for Other Operating Activities	(77)	-	-	-	-
Payments for Claims	(39,497)	-	-	-	-
Net Cash Provided by (Used In) Operating Activities	**(17,690)**	**(3,777)**	**(6,689)**	**141**	**12,236**
Cash Flows from Noncapital Financing Activities:					
Transfers from Other Funds for Noncapital Financing	-	3,683	-	-	-
Payments for Noncapital Financing Grants & Donations	-	-	-	(10)	-
Transfers to Other Funds for Noncapital Financing	-	-	-	-	(12,055)
Net Cash Provided By (Used In) Noncapital Financing Activities	**0**	**3,683**	**0**	**(10)**	**(12,055)**
Cash Flows From Capital & Related Financing Activities:					
Payments to Acquire, Construct, & Improve Capital Assets	(1,076)	(1,297)	-	(1)	-
Principal Paid on Revenue Bonds & Other Capital Debt	-	-	-	(84)	-
Interest Paid on Revenue Bonds & Other Capital Debt	-	-	-	(78)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	**(1,076)**	**(1,297)**	**0**	**(163)**	**0**
Cash Flows From Investing Activities					
Receipts from Sales & Maturities of Investments	18,235	1,007	-	40	-
Receipts from Interest & Dividends on Investments & Loans	2,422	45	1	-	-
Purchase of Investments	(122)	-	-	-	-
Net Cash Provided By (Used In) Investing Activities	**20,535**	**1,052**	**1**	**40**	**0**
Net Increase (Decrease) In Cash and Cash Equivalents	**1,769**	**(339)**	**(6,688)**	**8**	**181**
Cash Balance as Restated, October 1, 2013	294	3,914	8,015	10	918
Cash Balance, September 30, 2014	**2,063**	**3,575**	**1,327**	**18**	**1,099**
Add: Warrants Payable	28	-	-	-	-
Cash and Cash Equivalents, as Reported on Balance Sheet	**$ 2,091**	**$ 3,575**	**$ 1,327**	**$ 18**	**$ 1,099**

Military Department	Totals
$ 13,584	$ 96,656
-	4,178
-	767
2	4,109
(12,160)	(28,639)
(622)	(37,893)
(374)	(4,973)
-	(54)
(14)	(9,940)
-	(77)
-	(39,497)
416	**(15,363)**
-	3,683
-	(10)
(110)	(12,165)
(110)	**(8,492)**
(1)	(2,375)
-	(84)
-	(78)
(1)	**(2,537)**
-	19,282
19	2,487
-	(122)
19	**21,647**
324	**(4,745)**
3,494	16,645
3,818	**11,900**
-	28
$ 3,818	**$ 11,928**

Continued on next page...

COMBINING STATEMENT OF CASH FLOWS (Continued from Previous Page)
Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	State Insurance Fund	Fire College and Personnel Standards Commission	Alabama Health Insurance Plan	Motor Sports Hall of Fame	Corrections Canteen
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	**$ (3,292)**	**$ (5,039)**	**$ (3,949)**	**$ (3)**	**$ 12,273**
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Due from Other Funds	831	-	-	-	-
Accounts Receivable	9,851	25	67	-	(121)
Inventory	-	(56)	-	-	26
Other Assets	1,146	(56)	-	-	-
Due to Other Funds	(7,200)	-	-	-	-
Due to Component Units	-	-	327	-	-
Accounts Payable	(20,149)	(14)	(6)	1	58
Due to Other Governments	-	-	-	-	-
Claims Payable	1,599	-	(2,764)	-	-
Unearned Revenue	(14)	110	(364)	-	-
Other Post-employment Benefits	-	-	-	-	-
Other Liabilities	-	(9)	-	4	-
Depreciation	-	495	-	100	-
Nonoperating Revenues	61	767	-	39	-
Nonoperating Expenses	(523)	-	-	-	-
Total Adjustments	(14,398)	1,262	(2,740)	144	(37)
Net Cash Provided (Used) by Operating Activities	**$ (17,690)**	**$ (3,777)**	**$ (6,689)**	**$ 141**	**$ 12,236**
Noncash Investing, Capital, and Financing Activities					
Increase (Decrease):					
Capital Assets Acquired on Account	15	-	-	-	-
Disposals of Capital Assets	-	-	-	-	-
Interest Accruals and Other Adjustments	520	-	-	-	-
Unrealized Gains (Losses) in Investment Fair Value	2,447	-	-	-	-

Military Department	Totals
$ 305	**$ 295**
-	831
(4)	9,818
(2)	(32)
-	1,090
1	(7,199)
-	327
26	(20,084)
3	3
-	(1,165)
-	(268)
29	29
-	(5)
55	650
3	870
-	(523)
111	(15,658)
$ 416	**$ (15,363)**
-	15
(96)	(96)
-	520
-	2,447

ALABAMA
TENNESSEE
TENNESSEE RIVER
RIVER
RIVER
BLACK WARRIOR
COOSA
ALLAPOOSA
CHATABA R.
RIVER
RIVER
ALABAMA
CONECUH R.
PEA R.
TOMBIGBEE
MISSISSIPPI
GEORGIA
FLORIDA
Gulf of Mexico
GREAT SEAL

Internal Service Funds

Internal Service Funds account for the operation of State funds which provide goods and services primarily to other State funds on a cost-reimbursement basis.

Telecommunications Fund

Provides for the coordination and promotion of efficiency in the acquisition, operation and maintenance of telecommunications and computer equipment, services, systems, and networks used by state agencies.

Service Division

Accounts for various services provided to State agencies including janitorial services, motor pool, mail services, and building maintenance.

Correctional Industries

Accounts for the manufacturing activities of the State's correctional facilities.

Building Renovation Finance Authority

Accounts for the rental and maintenance of the buildings in the State Capitol Complex.

Risk Management

Accounts for resources used to provide insurance coverage for State employees against work related injuries as well as employment-related liability claims.

Other Internal Service Funds

Account for other small internal service funds operated by the Finance and Military Departments.

COMBINING STATEMENT OF NET POSITION
Internal Service Funds

September 30, 2014
(Amounts in Thousands)

	Telecom-munications Fund	Service Division	Correctional Industries	Building Renovation Finance Authority	Risk Management
ASSETS					
Current Assets					
Cash and Cash Equivalents	$ 9,373	$ 1,779	$ 4,010	$ 35,741	$ 46,616
Investments, Short-term	-	-	-	-	2,622
Due From Other Funds	7,745	1,692	1,312	1,514	368
Due From Component Units	41	90	1	8	-
Accounts Receivable	180	236	1	3	179
Securities Lending Collateral	201	38	86	728	304
Inventory	-	320	10,860	-	-
Total Current Assets	**17,540**	**4,155**	**16,270**	**37,994**	**50,089**
Noncurrent Assets					
Investments, Long-term	-	-	-	-	31,798
Due From Other Funds	-	-	-	-	10,000
Capital Assets, Net of Accumulated Depreciation	6,888	1,016	1,681	25,313	88
Capital Assets Not Depreciated	-	-	620	29,160	-
Total Noncurrent Assets	**6,888**	**1,016**	**2,301**	**54,473**	**41,886**
TOTAL ASSETS	**24,428**	**5,171**	**18,571**	**92,467**	**91,975**
DEFERRED OUTFLOWS OF RESOURCES	**0**	**0**	**0**	**867**	**0**
LIABILITIES					
Current Liabilities					
Warrants Payable	55	100	8	-	13
Due To Other Funds	125	10	81	18	257
Due To Component Units	-	-	-	-	226
Accounts Payable	7,576	1,173	1,390	882	402
Due To Other Governments	-	-	1	40	-
Claims Payable	-	-	-	-	3,549
Compensated Absences	15	-	-	-	-
Securities Lending Obligation	201	38	86	728	304
Notes and Capital Leases Payable	1,777	-	-	-	-
Revenue Bonds Payable	-	-	-	2,645	-
Total Current Liabilities	**9,749**	**1,321**	**1,566**	**4,313**	**4,751**
Noncurrent Liabilities					
Claims Payable	-	-	-	-	45,889
Due To Other Funds	-	-	-	-	-
Compensated Absences	2,077	80	501	425	452
Other Post-employment Benefits	4,757	757	2,340	1,653	1,542
Notes and Capital Leases Payable	1,711	-	-	-	-
Revenue Bonds Payable	-	-	-	44,596	-
Other Long-term Liabilities	1,253	-	-	-	-
Total Noncurent Liabilities	**9,798**	**837**	**2,841**	**46,674**	**47,883**
TOTAL LIABILITIES	**19,547**	**2,158**	**4,407**	**50,987**	**52,634**
NET POSITION					
Net Investment in Capital Assets	3,400	1,016	2,302	10,053	88
Restricted for:					
Capital Projects	-	-	-	1,954	-
Unrestricted	1,481	1,997	11,862	30,340	39,253
TOTAL NET POSITION	**$ 4,881**	**$ 3,013**	**$ 14,164**	**$ 42,347**	**$ 39,341**

Other Internal Service Funds	Totals
$ 19,205	$ 116,724
-	2,622
7,994	20,625
11	151
77	676
414	1,771
-	11,180
27,701	**153,749**
-	31,798
-	10,000
242	35,228
675	30,455
917	**107,481**
28,618	**261,230**
0	**867**
64	240
513	1,004
-	226
2,968	14,391
-	41
-	3,549
14	29
414	1,771
-	1,777
-	2,645
3,973	**25,673**
-	45,889
675	675
1,497	5,032
1,195	12,244
-	1,711
-	44,596
-	1,253
3,367	**111,400**
7,340	**137,073**
917	17,776
-	1,954
20,361	105,294
$ 21,278	**$ 125,024**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Internal Service Funds

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	Telecom-munications Fund	Service Division	Correctional Industries	Building Renovation Finance Authority	Risk Management
OPERATING REVENUES					
Charges for Goods and Services	$ 43,853	$ 12,664	$ 9,913	$ 1,177	$ 2,958
Premiums and Contributions	-	-	-	-	20,119
Rents and Leases	-	-	-	18,198	-
Total Operating Revenues	**43,853**	**12,664**	**9,913**	**19,375**	**23,077**
OPERATING EXPENSES					
Salaries, Wages, and Benefits	12,841	1,503	3,542	3,472	4,939
Utilities and Communications	15,516	73	586	3,579	54
Professional Services	5,567	242	271	1,424	3,040
Supplies, Materials, and Operating Expenses	9,035	9,632	9,475	640	1,097
Depreciation	3,167	472	275	2,981	50
Claims and Benefits	-	-	-	-	6,655
Other	3,154	1,511	429	1,922	186
Total Operating Expenses	**49,280**	**13,433**	**14,578**	**14,018**	**16,021**
Operating Income (Loss)	**(5,427)**	**(769)**	**(4,665)**	**5,357**	**7,056**
NONOPERATING REVENUES (EXPENSES)					
Grants	31	7	23	13	14
Investment Income	-	-	-	5	652
Other Nonoperating Revenues	6	129	32	4	2
Interest Expense	(93)	(12)	-	(1,953)	-
Other Nonoperating Expenses	-	(13)	-	-	(4)
Total Nonoperating Revenues (Expenses)	**(56)**	**111**	**55**	**(1,931)**	**664**
Income (Loss) Before Contributions and Transfers	**(5,483)**	**(658)**	**(4,610)**	**3,426**	**7,720**
Capital Contributions	5	5	-	-	-
Transfers In	576	-	4,074	5,379	-
Transfers Out	(768)	(24)	(38)	(467)	(18)
Increase (Decrease) in Net Position	**(5,670)**	**(677)**	**(574)**	**8,338**	**7,702**
Total Net Position, October 1, 2013, as Restated	10,551	3,690	14,738	34,009	31,639
Total Net Position, September 30, 2014	**$ 4,881**	**$ 3,013**	**$ 14,164**	**$ 42,347**	**$ 39,341**

Other Internal Service Funds	Totals
$ 12,921	$ 83,486
-	20,119
-	18,198
12,921	**121,803**
8,024	34,321
64	19,872
2,438	12,982
251	30,130
51	6,996
-	6,655
979	8,181
11,807	**119,137**
1,114	**2,666**
20	108
-	657
838	1,011
(37)	(2,095)
(19,945)	(19,962)
(19,124)	**(20,281)**
(18,010)	**(17,615)**
7	17
32,868	42,897
(30)	(1,345)
14,835	**23,954**
6,443	101,070
$ 21,278	**$ 125,024**

COMBINING STATEMENT OF CASH FLOWS
Internal Service Funds

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	Telecom-munications Fund	Service Division	Correctional Industries	Building Renovation Finance Authority	Risk Management
Cash Flows from Operating Activities:					
Receipts from Customer & User Charges	$ 1,213	$ 1,074	$ 1,303	$ 50	$ 366
Receipts from Interfund Services	43,577	11,376	8,808	18,718	29,939
Receipts from Other Operating Activities	19	12	13	-	110
Payments for Goods Held for Resale	(39)	(8,811)	(8,452)	-	-
Payments for Other Goods & Services	(28,928)	(1,633)	(1,494)	(7,218)	(2,898)
Payments for Employees Services	(12,519)	(1,366)	(3,312)	(3,201)	(4,622)
Payments for Taxes, Fines, Penalties, & Similar Fees	-	-	(1)	-	-
Payments for Interfund Services	(1,659)	(395)	(468)	(413)	(1,410)
Payments for Other Operating Activities	(36)	(1)	(32)	(2)	(149)
Payments for Claims	-	-	-	-	(4,491)
Net Cash Provided by (Used In) Operating Activities	**1,628**	**256**	**(3,635)**	**7,934**	**16,845**
Cash Flows from Noncapital Financing Activities:					
Transfers from Other Funds for Noncapital Financing	576	-	4,074	5,364	-
Transfers to Other Funds for Noncapital Financing	(727)	(9)	(38)	(467)	(18)
Net Cash Provided By (Used In) Noncapital Financing Activities	**(151)**	**(9)**	**4,036**	**4,897**	**(18)**
Cash Flows From Capital & Related Financing Activities:					
Receipts from Sale of Capital Assets & Insurance Proceeds	2	124	37	4	-
Payments to Acquire, Construct, & Improve Capital Assets	(1,773)	(388)	(87)	(1,471)	(51)
Principal Paid on Revenue Bonds & Other Capital Debt	(1,622)	(232)	-	(2,575)	-
Interest Paid on Revenue Bonds & Other Capital Debt	(95)	(15)	-	(2,041)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	**(3,488)**	**(511)**	**(50)**	**(6,083)**	**(51)**
Cash Flows From Investing Activities					
Receipts from Sales & Maturities of Investments	-	-	-	-	4,189
Receipts from Interest & Dividends on Investments & Loans	-	-	-	5	856
Purchase of Investments	-	-	-	-	(2,076)
Net Cash Provided By (Used In) Investing Activities	**0**	**0**	**0**	**5**	**2,969**
Net Increase (Decrease) In Cash and Cash Equivalents	**(2,011)**	**(264)**	**351**	**6,753**	**19,745**
Cash Balance as Restated, October 1, 2013	11,329	1,943	3,651	28,988	26,858
Cash Balance, September 30, 2014	**9,318**	**1,679**	**4,002**	**35,741**	**46,603**
Add: Warrants Payable	55	100	8	-	13
Cash and Cash Equivalents, as Reported on Balance Sheet	**$ 9,373**	**$ 1,779**	**$ 4,010**	**$ 35,741**	**$ 46,616**

Other Internal Service Funds	Totals
$ 4,907	$ 8,913
6,906	119,324
189	343
(75)	(17,377)
(1,186)	(43,357)
(7,210)	(32,230)
-	(1)
(2,068)	(6,413)
(18)	(238)
-	(4,491)
1,445	**24,473**
28,529	38,543
(30)	(1,289)
28,499	**37,254**
1	168
(19,092)	(22,862)
-	(4,429)
-	(2,151)
(19,091)	**(29,274)**
-	4,189
-	861
-	(2,076)
0	**2,974**
10,853	**35,427**
8,288	81,057
19,141	**116,484**
64	240
$ 19,205	**$ 116,724**

Continued on next page...

COMBINING STATEMENT OF CASH FLOWS (Continued from Previous Page)
Internal Service Funds

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	Telecom-munications Fund	Service Division	Correctional Industries	Building Renovation Finance Authority	Risk Management
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	**$ (5,427)**	**$ (769)**	**$ (4,665)**	**$ 5,357**	**$ 7,056**
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Due from Other Funds	1,223	(168)	(37)	(647)	7,173
Accounts Receivable	138	32	1	31	2
Inventory	-	1,046	318	-	-
Due to Other Funds	(276)	8	231	3	(153)
Accounts Payable	2,291	(515)	7	(65)	(145)
Claims Payable	-	-	-	-	2,567
Compensated Absences	(160)	3	(30)	19	23
Other Post-employment Benefits	574	128	239	240	261
Other Liabilities	62	-	-	-	-
Depreciation	3,167	472	275	2,981	50
Nonoperating Revenues	36	19	26	15	15
Nonoperating Expenses	-	-	-	-	(4)
Total Adjustments	7,055	1,025	1,030	2,577	9,789
Net Cash Provided (Used) by Operating Activities	**$ 1,628**	**$ 256**	**$ (3,635)**	**$ 7,934**	**$ 16,845**
Noncash Investing, Capital, and Financing Activities					
Increase (Decrease):					
Capital Assets Acquired by Capital Contribution	5	5	-	-	-
Capital Assets Acquired by Capital Lease or Other Debt	766	-	-	-	-
Capital Assets Acquired on Account	1,531	1	1	-	17
Disposals of Capital Assets	(927)	(631)	-	(70)	(68)
Capital Asset Reassignments	(7)	(79)	-	(11)	-
Revenue Bond Amortizations and Other Debt Adjustments	-	-	-	(779)	-
Interest Accruals and Other Adjustments	-	-	-	-	(17)
Unrealized Gains (Losses) in Investment Fair Value	-	-	-	-	42
Transfers In (Out)	(41)	(14)	-	14	-

Other Internal Service Funds	Totals
$ 1,114	**$ 2,666**
(785)	6,759
(68)	136
-	1,364
413	226
74	1,647
-	2,567
66	(79)
364	1,806
-	62
51	6,996
216	327
-	(4)
331	21,807
$ 1,445	**$ 24,473**
7	17
-	766
2,188	3,738
(67)	(1,763)
(19,948)	(20,045)
-	(779)
-	(17)
-	42
12,632	12,591

ALABAMA
TENNESSEE
TENNESSEE RIVER
RIVER
RIVER
BLACK WARRIOR
COOSA
ALLAPOOSA
CHATTAHOOCHEE RIVER
MISSISSIPPI
GEORGIA
TOMBIGBEE RIVER
ALABAMA
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

Pension and Other Employee Benefit Trust Funds

Pension and Other Employee Benefit Trust Funds account for the resources held in trust for members and beneficiaries of retirement plans and other employee benefit plans administered by the State.

Employees' Retirement System

Accounts for a pension plan for the benefit of State employees, State police, and employees of other eligible governmental organizations such as cities and counties within the State.

Teachers' Retirement System

Accounts for a pension plan for the benefit of employees of State supported educational institutions.

Judicial Retirement Fund

Accounts for a pension plan for the benefit of judges of the State's Supreme Court, Court of Civil Appeals, Court of Criminal Appeals, and Circuit Court.

Peace Officers' Annuity and Benefits

Provides pension benefits to State and local peace officers.

State Port Authority Hourly Plan

Is a retirement fund for certain hourly employees of the Alabama State Port Authority who are not members of the State Employees' Retirement System.

State Port Authority Railway Plan

Is a retirement fund for certain employees of the Alabama State Port Authority who are not members of the State Employees' Retirement System.

Flexible Employees' Benefits Board

Provides a number of benefit programs to State employees such as a cafeteria plan, health care reimbursement accounts, and dependent care reimbursement accounts.

Alabama Deferred Compensation Plan

Accounts for resources contributed by State employees for a deferred compensation plan sponsored by the Personnel Board.

RSA Employee Savings Plans

Accounts for resources contributed by public employees for deferred compensation plans and individual retirement accounts sponsored by the Retirement Systems of Alabama.

Retired Education Employees' Health Care Trust

Provides post-employment health insurance benefits for retired employees of State supported educational institutions.

Retired State Employees' Health Care Trust

Provides post-employment health insurance benefits for retired State employees.

Other Pension (and Other Employee Benefit) Trust Funds

Accounts for several small pension plans for Clerks and Registers and Firefighters.

COMBINING STATEMENT OF PLAN NET POSITION
Pension and Other Employee Benefit Trust Funds

September 30, 2014
(Amounts in Thousands)

	Employees' Retirement System	Teachers' Retirement System	Judicial Retirement Fund	Peace Officers' Annuity and Benefits	State Port Authority Hourly Plan
ASSETS					
Cash and Cash Equivalents	$ 17,883	$ 60,890	$ 2,692	$ 192	$ 0
Investments					
U.S. Treasury Securities	300,938	661,275	16,162	2,309	3,282
U.S. Agency Securities	87,494	197,750	6,414	585	726
Mortgage Backed Securities	183,190	405,569	9,124	1,169	1,771
Corporate Stocks	5,674,052	11,820,999	153,148	-	2,833
Corporate Bonds	1,679,347	3,471,416	28,995	1,872	4,599
Real Estate	1,017,338	2,095,289	3,395	-	-
Commercial Paper	419,878	408,990	12,297	-	1,133
International Stocks	1,324,703	2,985,814	39,814	-	-
Guaranteed Investment Contracts	-	-	-	-	-
Mutual and Money Market Funds	70,660	113,801	4,156	16,319	992
Receivables					
Employer Contributions Receivable	32,044	61,300	533	-	-
Member Contributions Receivable	17,881	38,809	169	-	-
Federal On-Behalf Contributions Receivable	-	-	-	-	-
Investment Sales Receivable	10,116	18,787	-	-	-
Accounts Receivable	32,738	69,128	923	55	88
Due From Other Governments	-	-	-	-	-
Mortgages, Notes, and Loans Receivable	-	-	-	-	-
Securities Lending Collateral	524,218	1,097,903	25,385	3	1,722
Other Assets	-	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	43,584	87,543	-	4	-
Capital Assets Not Depreciated	2,535	5,085	-	-	-
TOTAL ASSETS	**11,438,599**	**23,600,348**	**303,207**	**22,508**	**17,146**
LIABILITIES					
Warrants Payable	$ 11,999	$ 28,955	$ 498	$ 83	$ 0
Investment Purchases Payable	12,054	23,739	155	-	22
Due To Other Funds	-	-	-	3	-
Accounts Payable	1,188	1,945	35	34	-
Due To Other Governments	-	-	-	-	-
Claims Payable	-	-	-	-	-
Securities Lending Obligation	524,218	1,097,903	25,385	3	1,722
Unearned Revenue	-	-	-	-	-
Compensated Absences	1,671	2,871	4	90	-
Other Post-employment Benefits	3,801	3,707	35	104	-
Notes and Mortgages Payable	-	-	-	-	-
TOTAL LIABILITIES	**554,931**	**1,159,120**	**26,112**	**317**	**1,744**
NET POSITION					
Restricted for Pension and Other Employee Benefits	10,883,668	22,441,228	277,095	22,191	15,402
Held in Trust for Other Post-Employment Benefits	-	-	-	-	-
TOTAL NET POSITION	**$ 10,883,668**	**$ 22,441,228**	**$ 277,095**	**$ 22,191**	**$ 15,402**

State Port Authority Railway Plan	Flexible Employees' Benefits Board	Alabama Deferred Compensation Plan	RSA Employee Savings Plans	Retired Educ Employees' Health Care Trust	Retired State Employees' Health Care Trust	Other Pension Funds	Totals
$ 0	$ 1,282	$ 0	$ 1,297	$ 0	$ 0	$ 78	$ 84,314
189	-	-	357,648	99,371	13,767	3,007	1,457,948
42	-	-	98,733	31,930	5,353	732	429,759
102	-	-	195,392	52,964	7,032	1,641	857,954
163	-	-	487,598	605,584	78,261	105	18,822,743
264	-	-	549,248	146,349	20,674	4,820	5,907,584
-	-	-	-	-	-	-	3,116,022
65	-	-	93,488	87,989	4,499	250	1,028,589
-	-	23,381	-	118,507	18,960	-	4,511,179
-	-	246,263	-	-	-	-	246,263
57	-	246,721	85,034	42,207	7,645	1,111	588,703
-	-	-	-	-	-	-	93,877
-	-	-	-	-	-	-	56,859
-	-	-	-	32,948	580	-	33,528
-	-	-	-	1	-	-	28,904
5	78	-	10,491	27,811	6,383	81	147,781
-	-	-	-	-	17,343	-	17,343
-	-	6,510	-	-	-	-	6,510
99	28	-	118,251	72,522	78,785	1,609	1,920,525
-	-	-	-	539	-	-	539
-	-	-	-	-	-	-	131,131
-	-	-	-	-	-	-	7,620
986	**1,388**	**522,875**	**1,997,180**	**1,318,722**	**259,282**	**13,434**	**39,495,675**
$ 0	$ 0	$ 0	$ 1,297	$ 0	$ 0	$ 8	$ 42,840
1	-	-	2,390	1,139	95	20	39,615
-	-	-	-	-	-	-	3
-	611	-	-	-	7,089	-	10,902
-	-	-	-	1,855	1,558	-	3,413
-	-	-	-	34,805	11,971	-	46,776
99	28	-	118,251	72,522	78,785	1,609	1,920,525
-	-	-	-	-	2,913	-	2,913
-	-	-	-	-	-	-	4,636
-	-	-	-	-	-	-	7,647
-	1,000	-	-	-	-	-	1,000
100	**1,639**	**0**	**121,938**	**110,321**	**102,411**	**1,637**	**2,080,270**
886	(251)	522,875	1,875,242	-	-	11,797	36,050,133
-	-	-	-	1,208,401	156,871	-	1,365,272
$ 886	**$ (251)**	**$ 522,875**	**$ 1,875,242**	**$ 1,208,401**	**$ 156,871**	**$ 11,797**	**$ 37,415,405**

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	Employees' Retirement System	Teachers' Retirement System	Judicial Retirement Fund	Peace Officers' Annuity and Benefits	State Port Authority Hourly Plan
ADDITIONS					
Contributions:					
Plan members	$ 226,015	$ 480,849	$ 3,764	$ 563	$ 0
Employer	391,128	739,547	15,790	3,667	1,163
Other Contributions	30	33	-	1	-
Federal On-Behalf	-	-	-	-	-
Total Contributions	617,173	1,220,429	19,554	4,231	1,163
Investment Earnings					
Investment Interest and Dividends	298,049	618,861	7,030	369	432
Net Increase (Decrease) in Fair Value of Investments	888,303	1,853,288	24,197	1,512	444
Securities Lending Income	4,199	9,629	167	-	10
Total Investment Earnings	1,190,551	2,481,778	31,394	1,881	886
Less:					
Investment Expense	2,923	5,738	-	26	-
Securities Lending Interest and Fees	1,256	2,894	51	-	3
Net Investment Income	1,186,372	2,473,146	31,343	1,855	883
Other Additions					
Interest from Mortgages and Loans Receivable	-	-	-	-	-
Miscellaneous	206	68	-	8	-
Total Other Additions	206	68	0	8	0
Total Additions	**1,803,751**	**3,693,643**	**50,897**	**6,094**	**2,046**
DEDUCTIONS					
Benefit Payments and Refunds	1,000,050	2,055,172	29,880	4,796	1,164
Administrative Expense	11,835	17,425	282	396	-
Total Deductions	**1,011,885**	**2,072,597**	**30,162**	**5,192**	**1,164**
Change in Net Position	**791,866**	**1,621,046**	**20,735**	**902**	**882**
Net Position Restricted or Held in Trust for Beneficiaries, October 1, 2013, as Restated	10,091,802	20,820,182	256,360	21,289	14,520
Net Position Restricted or Held in Trust for Beneficiaries, September 30, 2014	**$ 10,883,668**	**$ 22,441,228**	**$ 277,095**	**$ 22,191**	**$ 15,402**

State Port Authority Railway Plan	Flexible Employees' Benefits Board	Alabama Deferred Compensation Plan	RSA Employee Savings Plans	Retired Educ Employees' Health Care Trust	Retired State Employees' Health Care Trust	Other Pension Funds	Totals
$ 0	$ 24,310	$ 46,606	$ 141,904	$ 101,356	$ 34,394	$ 340	$ 1,060,101
180	2,798	-	-	324,996	88,201	-	1,567,470
-	9	-	-	-	-	40	113
-	-	-	-	47,341	7,558	-	54,899
180	27,117	46,606	141,904	473,693	130,153	380	2,682,583
25	-	17,119	56,323	27,652	3,620	379	1,029,859
26	-	11,058	73,250	81,960	10,399	51	2,944,488
1	-	-	2,152	851	191	8	17,208
52	0	28,177	131,725	110,463	14,210	438	3,991,555
-	-	359	-	-	-	-	9,046
-	-	-	652	255	57	3	5,171
52	0	27,818	131,073	110,208	14,153	435	3,977,338
-	-	311	-	-	-	-	311
-	-	-	-	-	-	-	282
0	0	311	0	0	0	0	593
232	**27,117**	**74,735**	**272,977**	**583,901**	**144,306**	**815**	**6,660,514**
169	24,964	39,054	146,463	449,198	128,741	411	3,880,062
-	1,874	1,186	-	1,242	2,010	16	36,266
169	**26,838**	**40,240**	**146,463**	**450,440**	**130,751**	**427**	**3,916,328**
63	**279**	**34,495**	**126,514**	**133,461**	**13,555**	**388**	**2,744,186**
823	(530)	488,380	1,748,728	1,074,940	143,316	11,409	34,671,219
$ 886	**$ (251)**	**$ 522,875**	**$ 1,875,242**	**$ 1,208,401**	**$ 156,871**	**$ 11,797**	**$ 37,415,405**

ALABAMA
TENNESSEE
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MISSISSIPPI
GEORGIA
CHAHABA R.
RIVER
RIVER
ALABAMA
TOMBIGBEE
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

Private-Purpose Trust Funds

Private-Purpose Trust Funds report trust arrangements where the principal and income benefit individuals, private organizations or other governments.

Prepaid Affordable College Tuition

Accounts for the operation of a prepaid college tuition plan for the benefit of individual citizens of Alabama.

Alabama College Education Savings Plan

Accounts for the operation of an individual college tuition savings plan.

Local Education Endowments

Accounts for the proceeds of several endowments donated by private citizens for the benefit of specific local school systems.

Foundation for Local Schools

Accounts for monies donated by the private sector which are invested and used for the benefit of specific local public schools.

COMBINING STATEMENT OF FIDUCIARY NET POSITION
Private-Purpose Trust Funds

September 30, 2014
(Amounts in Thousands)

	Prepaid Affordable College Tuition	Alabama College Education Savings Plan	Local Education Endowments	Foundation for Local Schools	Totals
ASSETS					
Cash and Cash Equivalents	$ 39,924	$ 2,219	$ 0	$ 0	$ 42,143
Investments					
U.S. Treasury Securities	55,959	-	831	-	56,790
U.S. Agency Securities	8,593	-	202	-	8,795
State and Local Government Securities	2,067	-	-	-	2,067
Mortgage Backed Securities	21,206	-	488	-	21,694
Corporate Stocks	2	-	5,904	-	5,906
Corporate Bonds	43,941	-	1,186	-	45,127
Real Estate	-	-	20	-	20
Mutual and Money Market Funds	4,179	1,206,838	954	-	1,211,971
Receivables					
Accounts Receivable	721	1,141	-	-	1,862
Securities Lending Collateral	740	4	6,299	-	7,043
Capital Assets, Net of Accumulated Depreciation	3	-	-	-	3
TOTAL ASSETS	**177,335**	**1,210,202**	**15,884**	**0**	**1,403,421**
LIABILITIES					
Warrants Payable	245	-	-	-	245
Investment Purchases Payable	-	-	15	-	15
Due To Other Funds	5	-	-	-	5
Accounts Payable	31,655	1,738	-	-	33,393
Securities Lending Obligation	740	4	6,299	-	7,043
Amounts Held in Custody for Others	-	525	-	-	525
Compensated Absences	3	1	-	-	4
Other Post-employment Benefits	95	20	-	-	115
TOTAL LIABILITIES	**32,743**	**2,288**	**6,314**	**0**	**41,345**
NET POSITION					
Restricted or Held in Trust for Beneficiaries	144,592	1,207,914	9,570	-	1,362,076
TOTAL NET POSITION	**$ 144,592**	**$ 1,207,914**	**$ 9,570**	**$ 0**	**$ 1,362,076**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Private-Purpose Trust Funds

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	Prepaid Affordable College Tuition	Alabama College Education Savings Plan	Local Education Endowments	Foundation for Local Schools	Totals
ADDITIONS					
Contributions:					
Plan members	$ 2,246	$ 149,189	$ 0	$ 0	$ 151,435
Other Contributions	1	-	-	-	1
Total Contributions	2,247	149,189	0	0	151,436
Investment Earnings					
Investment Interest and Dividends	4,658	37,130	235	17	42,040
Net Increase (Decrease) in Fair Value of Investments	(1,513)	54,762	129	7	53,385
Securities Lending Income	-	-	9	-	9
Total Investment Earnings	3,145	91,892	373	24	95,434
Less:					
Securities Lending Interest and Fees	-	-	3	-	3
Net Investment Income	3,145	91,892	370	24	95,431
Other Additions					
Miscellaneous	405	-	-	-	405
Total Other Additions	405	0	0	0	405
Total Additions	**5,797**	**241,081**	**370**	**24**	**247,272**
DEDUCTIONS					
Benefit Payments and Refunds	77,583	87,831	337	926	166,677
Administrative Expense	881	7,369	-	-	8,250
Transfers Out	-	945	-	-	945
Total Deductions	**78,464**	**96,145**	**337**	**926**	**175,872**
Change in Net Position	**(72,667)**	**144,936**	**33**	**(902)**	**71,400**
Net Position Restricted or Held in Trust for Beneficiaries, October 1, 2013, as Restated	217,259	1,062,978	9,537	902	1,290,676
Net Position Restricted or Held in Trust for Beneficiaries, September 30, 2014	**$ 144,592**	**$ 1,207,914**	**$ 9,570**	**$ 0**	**$ 1,362,076**

ALABAMA
TENNESSEE
TENNESSEE RIVER
RIVER
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FLORIDA
Gulf of Mexico
GREAT SEAL

Agency Funds

Agency Funds report assets held by the State in a purely custodial capacity (assets equal liabilities). Agency funds typically involve the receipt, temporary investment, and remittance of resources to individuals, organizations or other governments.

State Clearing Accounts

Accounts for the collection and distribution of State taxes and licenses as well as amounts collected and held by courts for individuals.

Taxes Collected for Local Governments

Accounts for local taxes which are collected by the State as a service for local governments. These taxes do not represent future revenues of the State.

Payroll

Accounts for amounts withheld from employees that are not yet distributed to outside organizations or governments.

Other Agency Funds

Are aggregated for financial reporting purposes and represent amounts held for child support payments, cash bonds, and numerous other amounts held for individuals and organizations outside of State government.

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
Agency Funds

September 30, 2014
(Amounts in Thousands)

	State Clearing Accounts	Taxes Collected for Local Governments	Payroll	Other Agency Funds	Totals
ASSETS					
Cash and Cash Equivalents	$ 209,121	$ 5,150	$ 2,238	$ 62,361	$ 278,870
Investments	-	-	-	52,615	52,615
Due From Other Funds	3	-	-	2	5
Accounts Receivable	6	-	-	3	9
Due From Other Governments	-	-	-	914	914
Securities Lending Collateral	775	111	48	1,183	2,117
TOTAL ASSETS	**$ 209,905**	**$ 5,261**	**$ 2,286**	**$ 117,078**	**$ 334,530**
LIABILITIES					
Warrants Payable	$ 10,548	$ 159	$ 1,745	$ 438	$ 12,890
Accounts Payable	4	-	-	240	244
Due To Other Governments	640	4,991	-	382	6,013
Securities Lending Obligation	775	111	48	1,183	2,117
Amounts Held in Custody for Others	197,938	-	493	114,835	313,266
TOTAL LIABILITIES	**$ 209,905**	**$ 5,261**	**$ 2,286**	**$ 117,078**	**$ 334,530**

ALABAMA
TENNESSEE
TENNESSEE RIVER
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RIVER
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GEORGIA
CHEAHA R.
RIVER
RIVER
ALABAMA
TOMBIGBEE
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
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STATE OF ALABAMA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
Agency Funds

For the Fiscal Year Ended September 30, 2014

(Amounts in Thousands)

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014
STATE CLEARING ACCOUNTS				
ASSETS				
Cash and Cash Equivalents	$ 161,208	$ 18,901,543	$ 18,853,630	$ 209,121
Due From Other Funds	1	4,598	4,596	3
Accounts Receivable	2	6	2	6
Taxes Receivable	-	442,397	442,397	-
Securities Lending Collateral	381	775	381	775
TOTAL ASSETS	**$ 161,592**	**$ 19,349,319**	**$ 19,301,006**	**$ 209,905**
LIABILITIES				
Warrants Payable	$ 13,756	$ 703,880	$ 707,088	$ 10,548
Due To Other Funds	-	838,824	838,824	-
Accounts Payable	18	37,766	37,780	4
Tax Refunds Payable	-	242,179	242,179	-
Due To Other Governments	565	6,472	6,397	640
Securities Lending Obligation	381	775	381	775
Amounts Held Pending Distribution	-	39,492,461	39,492,461	-
Unearned Revenue	-	7,667	7,667	-
Amounts Held in Custody for Others	146,872	464,334	413,268	197,938
TOTAL LIABILITIES	**$ 161,592**	**$ 41,794,358**	**$ 41,746,045**	**$ 209,905**
TAXES COLLECTED FOR LOCAL GOVTS				
ASSETS				
Cash and Cash Equivalents	$ 7,160	$ 342,931	$ 344,941	$ 5,150
Securities Lending Collateral	95	111	95	111
TOTAL ASSETS	**$ 7,255**	**$ 343,042**	**$ 345,036**	**$ 5,261**
LIABILITIES				
Warrants Payable	$ 264	$ 336,869	$ 336,974	$ 159
Accounts Payable	-	11,404	11,404	-
Due to Other Governments	6,896	342,894	344,799	4,991
Securities Lending Obligation	95	111	95	111
TOTAL LIABILITIES	**$ 7,255**	**$ 691,278**	**$ 693,272**	**$ 5,261**
PAYROLL				
ASSETS				
Cash and Cash Equivalents	$ 2,962	$ 2,213,644	$ 2,214,368	$ 2,238
Due From Other Funds	-	2	2	-
Securities Lending Collateral	39	48	39	48
TOTAL ASSETS	**$ 3,001**	**$ 2,213,694**	**$ 2,214,409**	**$ 2,286**
LIABILITIES				
Warrants Payable	$ 2,376	$ 1,754,088	$ 1,754,719	$ 1,745
Due To Other Funds	-	157	157	-
Accounts Payable	-	731,432	731,432	-
Securities Lending Obligation	39	48	39	48
Amounts Held Pending Distribution	-	672,469	672,469	-
Amounts Held in Custody for Others	586	518,511	518,604	493
TOTAL LIABILITIES	**$ 3,001**	**$ 3,676,705**	**$ 3,677,420**	**$ 2,286**

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014
OTHER AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	$ 21,140	$ 813,784	$ 772,563	$ 62,361
Investments	54,785	1,378	3,548	52,615
Due From Other Funds	48	31	77	2
Accounts Receivable	27	204	228	3
Due From Other Governments	3,206	914	3,206	914
Securities Lending Collateral	134	1,183	134	1,183
TOTAL ASSETS	**$ 79,340**	**$ 817,494**	**$ 779,756**	**$ 117,078**
LIABILITIES				
Warrants Payable	$ 1,182	$ 365,096	$ 365,840	$ 438
Due To Other Funds	-	1	1	-
Accounts Payable	367	21,246	21,373	240
Due To Other Governments	159	868	645	382
Securities Lending Obligation	134	1,183	134	1,183
Amounts Held Pending Distribution	-	1,868	1,868	-
Amounts Held in Custody for Others	77,498	812,034	774,697	114,835
TOTAL LIABILITIES	**$ 79,340**	**$ 1,202,296**	**$ 1,164,558**	**$ 117,078**
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	$ 192,470	$ 22,271,902	$ 22,185,502	$ 278,870
Investments	54,785	1,378	3,548	52,615
Due From Other Funds	49	4,631	4,675	5
Accounts Receivable	29	210	230	9
Taxes Receivable	-	442,397	442,397	-
Due From Other Governments	3,206	914	3,206	914
Securities Lending Collateral	649	2,117	649	2,117
TOTAL ASSETS	**$ 251,188**	**$ 22,723,549**	**$ 22,640,207**	**$ 334,530**
LIABILITIES				
Warrants Payable	$ 17,578	$ 3,159,933	$ 3,164,621	$ 12,890
Due To Other Funds	-	838,982	838,982	-
Accounts Payable	385	801,848	801,989	244
Tax Refunds Payable	-	242,179	242,179	-
Due To Other Governments	7,620	350,234	351,841	6,013
Securities Lending Obligation	649	2,117	649	2,117
Amounts Held Pending Distribution	-	40,166,798	40,166,798	-
Unearned Revenue	-	7,667	7,667	-
Amounts Held in Custody for Others	224,956	1,794,879	1,706,569	313,266
TOTAL LIABILITIES	**$ 251,188**	**$ 47,364,637**	**$ 47,281,295**	**$ 334,530**

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Nonmajor Component Units

Water Pollution Control Authority

Issues revolving loan bonds and lends the proceeds to eligible municipalities at below market interest rates for the construction of wastewater treatment and collection facilities.

Drinking Water Finance Authority

Issues revolving loan bonds and lends the bond proceeds to local governments at below market rates for the construction of drinking water treatment and distribution facilities.

Troy University

Reports the operations and balances of the University.

Alabama State University

Reports the operations and balances of the University.

Alabama Agricultural and Mechanical University

Reports the operations and balances of the University.

Jacksonville State University

Reports the operations and balances of the University.

University of North Alabama

Reports the operations and balances of the University.

University of Montevallo

Reports the operations and balances of the University.

University of West Alabama

Reports the operations and balances of the University.

Historical Commission

Preserves and maintains buildings, objects, and sites of historical significance.

Space Science Exhibit Commission

Operates the U.S. Space and Rocket Center and the U.S. Space Camp.

Other Nonmajor Component Units

Combined totals of other nonmajor component units, which are reported in more detail later in this report.

COMBINING STATEMENT OF NET POSITION
Nonmajor Component Units

September 30, 2014
(Amounts in Thousands)

	Water Pollution Control Authority	Drinking Water Finance Authority	Troy University	Alabama State University	Alabama Agricultural and Mechanical University
ASSETS					
Cash and Cash Equivalents	$ 215	$ 74	$ 181,635	$ 17,690	$ 17,404
Investments	214,490	108,535	66,205	85,746	50,666
Due From Primary Government	5,367	-	-	-	-
Accounts Receivable	2,186	1,206	36,686	17,903	35,278
Due From Other Governments	388,167	228,035	-	5,193	-
Mortgages, Notes, and Loans Receivable	-	-	2,197	-	17,545
Securities Lending Collateral	5	2	-	-	-
Inventory	-	-	99	9	-
Restricted Assets	-	-	-	-	-
Other Assets	2,139	3,948	2,127	383	8,494
Capital Assets, Net of Accumulated Depreciation	25	-	253,527	283,682	102,158
Capital Assets Not Depreciated	-	-	35,874	24,489	9,251
TOTAL ASSETS	**612,594**	**341,800**	**578,350**	**435,095**	**240,796**
DEFERRED OUTFLOWS OF RESOURCES	**2,294**	**1,832**	**0**	**3,580**	**2,103**
LIABILITIES					
Warrants Payable	-	-	-	-	-
Investment Purchases Payable	-	-	-	-	-
Due To Primary Government	3,169	1,171	-	-	-
Accounts Payable	582	510	14,193	13,129	12,120
Due To Other Governments	77,357	30,327	-	-	-
Securities Lending Obligation	5	2	-	-	-
Unearned Revenue	-	-	37,481	17,306	34,381
Amounts Held in Custody for Others	55	-	5,473	-	4,422
Noncurrent Liabilities:					
Due Within One Year	17,465	5,675	6,662	7,451	7,086
Due In More Than One Year	106,715	102,527	147,887	225,023	61,401
TOTAL LIABILITIES	**205,348**	**140,212**	**211,696**	**262,909**	**119,410**
DEFERRED INFLOWS OF RESOURCES	**0**	**0**	**0**	**0**	**0**
NET POSITION					
Net Investment in Capital Assets	25	-	146,160	90,505	60,700
Restricted for:					
Permanent - Expendable	-	-	31,654	676	7,361
Permanent - Non-expendable	-	-	16,788	52,822	38,735
Education	-	-	-	-	-
Debt Service	410,418	203,722	-	-	-
Capital Projects	-	-	-	-	-
Other Purposes	-	-	469	29,700	17,608
Unrestricted	(903)	(302)	171,583	2,063	(915)
TOTAL NET POSITION	**$ 409,540**	**$ 203,420**	**$ 366,654**	**$ 175,766**	**$ 123,489**

Jacksonville State University	University of North Alabama	University of Montevallo	University of West Alabama	Historical Commission	Space Science Exhibit Commission	Other Nonmajor Component Units	Totals
$ 72,316	$ 53,895	$ 18,027	$ 21,215	$ 3,729	$ 91	$ 50,691	$ 436,982
41,681	61,040	57,055	10,320	12,225	99	30,623	738,685
-	-	-	-	28	-	683	6,078
8,619	11,876	5,769	7,909	73	474	9,326	137,305
-	-	-	-	-	-	2,239	623,634
635	2,279	348	174	-	-	16	23,194
-	-	-	-	6,514	-	136	6,657
-	40	-	1,264	287	538	5,557	7,794
-	-	1,894	-	-	131	-	2,025
94	1,282	4,499	-	-	505	697	24,168
100,212	65,349	49,194	38,754	319	42,159	81,323	1,016,702
4,717	45,229	3,230	19,535	82,325	7,664	23,185	255,499
228,274	**240,990**	**140,016**	**99,171**	**105,500**	**51,661**	**204,476**	**3,278,723**
1,512	**352**	**0**	**41**	**0**	**661**	**0**	**12,375**
-	-	-	-	10	-	31	41
-	-	-	-	13	-	-	13
-	-	-	-	35	-	391	4,766
7,087	8,428	5,315	1,958	553	2,002	4,881	70,758
-	-	497	-	44	-	27	108,252
-	-	-	-	6,514	-	136	6,657
20,937	14,499	13,642	5,922	-	1,245	6,250	151,663
3,144	571	451	218	-	-	358	14,692
3,978	1,083	2,106	1,135	64	2,047	3,382	58,134
73,728	78,266	27,472	53,361	2,211	14,550	18,584	911,725
108,874	**102,847**	**49,483**	**62,594**	**9,444**	**19,844**	**34,040**	**1,326,701**
0	**0**	**0**	**0**	**0**	**0**	**219**	**219**
31,823	64,172	26,476	16,541	82,644	37,734	89,881	646,661
27,917	14,833	16,067	-	-	-	3,700	102,208
11,667	21,876	18,760	423	10,429	-	5,033	176,533
-	-	-	-	-	-	2,021	2,021
6,131	-	-	-	-	-	-	620,271
-	-	-	-	-	-	14	14
2,735	1,441	-	-	-	339	2,190	54,482
40,639	36,173	29,230	19,654	2,983	(5,595)	67,378	361,988
$ 120,912	**$ 138,495**	**$ 90,533**	**$ 36,618**	**$ 96,056**	**$ 32,478**	**$ 170,217**	**$ 1,964,178**

COMBINING STATEMENT OF ACTIVITIES
Nonmajor Component Units

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	Water Pollution Control Authority	Drinking Water Finance Authority	Troy University	Alabama State University	Alabama Agricultural and Mechanical University
Expenses	**$ 14,839**	**$ 11,209**	**$ 250,468**	**$ 162,294**	**$ 144,737**
Program Revenues					
Charges for Services	2,587	1,663	154,178	64,757	59,794
Operating Grants and Contributions	14,363	12,424	52,414	39,046	48,000
Capital Grants and Contributions	-	-	2,152	671	-
Total Program Revenues	**16,950**	**14,087**	**208,744**	**104,474**	**107,794**
Net (Expense) Revenue	**2,111**	**2,878**	**(41,724)**	**(57,820)**	**(36,943)**
General Revenues:					
Payments from State of Alabama	3,786	-	45,699	41,590	37,594
Grants and Contributions Not Restricted to Specific Programs	-	-	-	-	-
Unrestricted Investment Earnings	14,210	9,346	5,243	7,440	4,335
Miscellaneous	-	-	2,406	-	4,270
Contributions to Permanent Funds and Endowments	-	-	-	-	-
Total General Revenues and Contributions	**17,996**	**9,346**	**53,348**	**49,030**	**46,199**
Change in Net Position	**20,107**	**12,224**	**11,624**	**(8,790)**	**9,256**
Net Position, October 1, 2013, as Restated	389,433	191,196	355,030	184,556	114,233
Net Position, September 30, 2014	**$ 409,540**	**$ 203,420**	**$ 366,654**	**$ 175,766**	**$ 123,489**

Jacksonville State University	University of North Alabama	University of Montevallo	University of West Alabama	Historical Commission	Space Science Exhibit Commission	Other Nonmajor Component Units	Totals
$ 124,724	**$ 96,428**	**$ 61,515**	**$ 60,420**	**$ 6,021**	**$ 26,398**	**$ 154,973**	**$ 1,114,026**
63,560	51,098	36,279	33,174	1,416	23,503	57,536	549,545
25,324	19,000	10,420	9,294	869	23	28,784	259,961
-	9,746	22	-	797	1,620	205	15,213
88,884	**79,844**	**46,721**	**42,468**	**3,082**	**25,146**	**86,525**	**824,719**
(35,840)	**(16,584)**	**(14,794)**	**(17,952)**	**(2,939)**	**(1,252)**	**(68,448)**	**(289,307)**
35,959	25,917	17,827	13,476	3,388	1,450	70,695	297,381
-	-	-	-	-	-	919	919
4,054	2,356	161	56	1,142	4	1,954	50,301
181	411	-	148	3	-	550	7,969
123	329	-	-	-	-	-	452
40,317	**29,013**	**17,988**	**13,680**	**4,533**	**1,454**	**74,118**	**357,022**
4,477	**12,429**	**3,194**	**(4,272)**	**1,594**	**202**	**5,670**	**67,715**
116,435	126,066	87,339	40,890	94,462	32,276	164,547	1,896,463
$ 120,912	**$ 138,495**	**$ 90,533**	**$ 36,618**	**$ 96,056**	**$ 32,478**	**$ 170,217**	**$ 1,964,178**

COMBINING STATEMENT OF NET POSITION
Other Nonmajor Component Units

September 30, 2014
(Amounts in Thousands)

	Alabama Institute for the Deaf and Blind	Athens State University	Marine Environmental Sciences Consortium	Crime Victims Compensation Commission	Supercomputer Authority
ASSETS					
Cash and Cash Equivalents	$ 15,603	$ 15,004	$ 2,073	$ 5,882	$ 6,125
Investments	19,243	3,413	780	4,707	-
Due From Primary Government	-	-	-	-	433
Accounts Receivable	4,799	1,211	1,437	-	-
Due From Other Governments	-	1,536	-	-	-
Mortgages, Notes, and Loans Receivable	16	-	-	-	-
Securities Lending Collateral	-	-	-	2	132
Inventory	5,166	36	119	-	-
Other Assets	181	391	-	-	9
Capital Assets, Net of Accumulated Depreciation	25,530	29,669	11,126	1,144	2,216
Capital Assets Not Depreciated	4,376	8,849	966	-	174
TOTAL ASSETS	**74,914**	**60,109**	**16,501**	**11,735**	**9,089**
LIABILITIES					
Warrants Payable	-	-	-	-	31
Due To Primary Government	-	-	-	137	4
Accounts Payable	2,474	1,736	51	158	52
Due To Other Governments	-	-	-	-	23
Securities Lending Obligation	-	-	-	2	132
Unearned Revenue	263	4,769	1,218	-	-
Amounts Held in Custody for Others	207	-	151	-	-
Noncurrent Liabilities:					
Due Within One Year	1,105	602	40	1,553	-
Due In More Than One Year	1,246	13,450	457	969	447
TOTAL LIABILITIES	**5,295**	**20,557**	**1,917**	**2,819**	**689**
DEFERRED INFLOWS OF RESOURCES	**219**	**0**	**0**	**0**	**0**
NET POSITION					
Net Investment in Capital Assets	28,703	25,458	12,081	1,144	2,390
Restricted for:					
Permanent - Expendable	3,700	-	-	-	-
Permanent - Non-expendable	4,253	-	780	-	-
Education	-	2,021	-	-	-
Capital Projects	-	-	14	-	-
Other Purposes	-	1,727	463	-	-
Unrestricted	32,744	10,346	1,246	7,772	6,010
TOTAL NET POSITION	**$ 69,400**	**$ 39,552**	**$ 14,584**	**$ 8,916**	**$ 8,400**

U.S.S. Alabama Battleship Commission	Historic Ironworks Commission	Red Mountain Recreation Commission	Miscellaneous Component Units	Totals
$ 4,197	$ 169	$ 1,147	$ 491	$ 50,691
1,315	-	-	1,165	30,623
-	-	-	250	683
9	-	1,870	-	9,326
-	-	-	703	2,239
-	-	-	-	16
-	-	-	2	136
207	29	-	-	5,557
105	-	11	-	697
7,992	2,054	1,421	171	81,323
255	1,035	7,369	161	23,185
14,080	**3,287**	**11,818**	**2,943**	**204,476**
-	-	-	-	31
-	-	-	250	391
239	80	61	30	4,881
-	-	-	4	27
-	-	-	2	136
-	-	-	-	6,250
-	-	-	-	358
-	26	56	-	3,382
959	731	103	222	18,584
1,198	**837**	**220**	**508**	**34,040**
0	**0**	**0**	**0**	**219**
8,247	2,740	8,786	332	89,881
-	-	-	-	3,700
-	-	-	-	5,033
-	-	-	-	2,021
-	-	-	-	14
-	-	-	-	2,190
4,635	(290)	2,812	2,103	67,378
$ 12,882	**$ 2,450**	**$ 11,598**	**$ 2,435**	**$ 170,217**

COMBINING STATEMENT OF ACTIVITIES
Other Nonmajor Component Units

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	Alabama Institute for the Deaf and Blind	Athens State University	Marine Environmental Sciences Consortium	Crime Victims Compensation Commission	Supercomputer Authority
Expenses	**$ 83,782**	**$ 32,736**	**$ 10,700**	**$ 5,096**	**$ 13,158**
Program Revenues					
Charges for Services	24,008	14,440	2,710	3,418	5,305
Operating Grants and Contributions	12,324	8,856	3,961	1,158	3
Capital Grants and Contributions	66	-	-	-	-
Total Program Revenues	**36,398**	**23,296**	**6,671**	**4,576**	**5,308**
Net (Expense) Revenue	**(47,384)**	**(9,440)**	**(4,029)**	**(520)**	**(7,850)**
General Revenues:					
Payments from State of Alabama	46,939	11,465	3,729	100	8,312
Grants and Contributions Not Restricted to Specific Programs	-	-	-	1	-
Unrestricted Investment Earnings	619	564	1	357	-
Miscellaneous	514	-	-	17	-
Total General Revenues	**48,072**	**12,029**	**3,730**	**475**	**8,312**
Change in Net Position	**688**	**2,589**	**(299)**	**(45)**	**462**
Net Position, October 1, 2013, as Restated	68,712	36,963	14,883	8,961	7,938
Net Position, September 30, 2014	**$ 69,400**	**$ 39,552**	**$ 14,584**	**$ 8,916**	**$ 8,400**

U.S.S. Alabama Battleship Commission	Historic Ironworks Commission	Red Mountain Recreation Commission	Miscellaneous Component Units	Totals
$ 5,268	**$ 2,051**	**$ 1,362**	**$ 820**	**$ 154,973**
5,390	1,569	427	269	57,536
8	75	1,961	438	28,784
-	-	-	139	205
5,398	**1,644**	**2,388**	**846**	**86,525**
130	**(407)**	**1,026**	**26**	**(68,448)**
-	-	-	150	70,695
-	-	918	-	919
-	-	394	19	1,954
-	-	-	19	550
0	**0**	**1,312**	**188**	**74,118**
130	**(407)**	**2,338**	**214**	**5,670**
12,752	2,857	9,260	2,221	164,547
$ 12,882	**$ 2,450**	**$ 11,598**	**$ 2,435**	**$ 170,217**

ALABAMA
TENNESSEE
TENNESSEE RIVER
RIVER
RIVER
BLACK WARRIOR
COOSA
ALLAPOOSA
CHATTAHOOCHEE RIVER
MISSISSIPPI
GEORGIA
TOMBIGBEE RIVER
ALABAMA
CONECUH R.
PEA R.
FLORIDA
Gulf of Mexico
GREAT SEAL

Supplemental Statements and Schedules

Supplemental Statements and Schedules presents schedules and statements which bring together information spread throughout the statements, presents information in greater detail, or presents information that demonstrates legal compliance.

SCHEDULE OF FEDERAL REVENUES BY AGENCY
All Funds and Component Units, Excluding Amounts Received Directly by Higher Education

For the Fiscal Year Ended September 30, 2014
(Amounts in Thousands)

	Amount
Administrative Office of Courts	$ 398
Agriculture and Industries	5,338
Alcoholic Beverage Control Board	88
Archives and History	38
Attorney General	1,188
Child Abuse and Neglect Prevention Board	3,205
Children's Affairs	7,598
Commission On Higher Education	917
Conservation and Natural Resources	27,460
Corrections	326
Council on the Arts	712
Crime Victims Compensation Commission	1,152
Criminal Justice Information Center	3,149
Department of Commerce	125
Drinking Water Finance Authority	12,423
Economic and Community Affairs	166,074
Education	941,134
Educational Television Commission	55
Emergency Management	56,704
Environmental Management	17,988
Finance Special Funds	1,784
Forensic Sciences	2,159
Forestry Commission	2,518
Forever Wild Land Trust	375
Geological Survey	667
Governor's Office on Disability	15
High School of Math and Science	200
Historical Commission	1,217
Housing Finance Authority	18,067
Human Resources	1,645,180
Labor Department	92,908
Manufactured Housing Commission	285
Medicaid	3,915,809
Mental Health	30,923
Military	56,248
Office of Homeland Security	35
Office of Prosecution Services	147
Pardons and Paroles	94
Postsecondary Education	10,818
Public Health	408,822
Public Library Service	2,417
Public Safety	9,177
Public School and College Authority	4,483
Public Service Commission	692
Rehabilitation Services	70,837
Retired State Employees Health Care Trust	7,558
School of Fine Arts	73
Senior Services	23,491
Serve Alabama	2,510
Soil and Water Conservation Commission	359
State Law Enforcement	7,899
State Port Authority	4,723
Surface Mining Commission	1,220
Transportation	928,606
Veterans Affairs	29,203
Water Pollution Control Authority	14,356
Total Federal Revenues	**$ 8,541,947**

This part of the State of Alabama's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

Financial Trends **Page 266**

These schedules contain trend information to help the reader understand how the State's financial performance has changed over time.

- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

Revenue Capacity **Page 276**

These schedules contain information to help the reader assess the factors affecting the State's ability to generate its individual income tax and corporate income tax.

- Major Revenue Base
- Revenue Rates
- Principal Revenue Payers

Debt Capacity **Page 284**

These schedules present information that helps the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.

- Ratios of Outstanding Debt
- Ratios of General Bonded Debt Outstanding
- Debt Limitations
- Pledged Revenue Coverage

Demographic and Economic Information **Page 292**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

- Labor Force Statistics
- Population/Per Capita Personal Income Statistics
- Top Ten Employers in Alabama

Operating Information **Page 296**

These schedules contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.

- State Government Employment by Function
- Indicators of Demand or Level of Service
- Indicators of Volume, Usage and Nature of Capital Assets

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.
Note: The number of years presented on each schedule varies according to available data.

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Amounts in Thousands)

	2014	2013	2012	2011	2010
Governmental Activities					
Net Investment in Capital Assets	$ 20,170,202	$ 20,042,353	$ 19,639,559	$ 19,097,235	$ 18,558,776
Restricted	6,627,005	6,772,919	6,034,129	5,380,091	4,795,170
Unrestricted	(4,619,160)	(4,959,535)	(4,064,799)	(1,607,032)	(818,810)
Total Governmental Activities Net Position	**22,178,047**	**21,855,737**	**21,608,889**	**22,870,294**	**22,535,136**
Business-type Activities					
Net Investment in Capital Assets	937,301	862,998	879,370	820,675	854,511
Restricted	790,031	704,026	542,740	465,495	102,653
Unrestricted	50,660	67,808	68,075	27,462	233,449
Total Business-type Activities Net Position	**1,777,992**	**1,634,832**	**1,490,185**	**1,313,632**	**1,190,613**
Primary government					
Net Investment in Capital Assets	21,107,503	20,905,351	20,518,929	19,917,910	19,413,287
Restricted	7,417,036	7,476,945	6,576,869	5,845,586	4,897,823
Unrestricted	(4,568,500)	(4,891,727)	(3,996,724)	(1,579,570)	(585,361)
Total Primary Government Net Position	**$ 23,956,039**	**$ 23,490,569**	**$ 23,099,074**	**$ 24,183,926**	**$ 23,725,749**

GASB Statement 61 redefined the reporting entity in 2013. 2012 was restated but it was not practical to restate years prior to 2012.

2009	2008	2007	2006	2005
$ 18,182,385	$ 17,609,211	$ 16,971,931	$ 16,360,753	$ 15,717,808
4,448,305	4,624,715	6,020,208	5,853,605	5,004,105
(650,306)	(318,815)	(196,547)	115,382	289,850
21,980,383	**21,915,111**	**22,795,593**	**22,329,740**	**21,011,763**
846,835	754,001	710,686	643,742	508,280
92,353	479,549	513,546	503,024	352,524
334,859	429,274	368,210	334,102	420,323
1,274,048	**1,662,824**	**1,592,441**	**1,480,868**	**1,281,127**
19,029,220	18,363,212	17,682,617	17,004,495	16,226,088
4,540,658	5,104,264	6,533,754	6,356,629	5,356,629
(315,447)	110,459	171,663	449,484	710,173
$ 23,254,431	**$ 23,577,935**	**$ 24,388,034**	**$ 23,810,608**	**$ 22,292,890**

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Amounts in Thousands)

	2014	2013	2012	2011	2010
Expenses					
Governmental Activities					
Economic Development and Regulation	$ 114,405	$ 121,933	$ 99,743	$ 193,900	$ 228,957
Education and Cultural Resources	6,490,384	6,341,871	6,194,484	6,735,109	6,434,122
Natural Resources and Recreation	136,131	124,387	143,111	134,591	148,043
Health	6,540,184	6,427,303	6,407,799	6,085,907	6,143,061
Social Services	2,393,752	2,448,759	2,441,385	2,580,186	2,369,709
Protection of Persons and Property	1,140,958	1,079,644	1,146,584	1,075,191	1,146,961
Transportation	1,455,604	1,319,431	1,197,030	1,186,100	1,248,882
General Government	905,446	965,564	915,827	1,008,339	1,037,582
Debt Service - Interest and Other Charges	160,847	181,209	154,425	48,631	47,829
Total Governmental Activities Expenses	**19,337,711**	**19,010,101**	**18,700,388**	**19,047,954**	**18,805,146**
Business-type Activities					
Unemployment Compensation	291,417	458,063	701,971	1,007,325	1,323,058
State Port Authority	142,757	136,904	133,570	128,100	133,534
Alabama Community College System	756,642	772,150	773,666	859,258	897,134
Alcoholic Beverage Control Board	288,627	282,840	274,718	266,472	254,001
Nonmajor Proprietary Funds	89,970	122,838	91,107	94,015	73,380
Total Business-type Activities Expenses	**1,569,413**	**1,772,795**	**1,975,032**	**2,355,170**	**2,681,107**
Total Primary Government Expenses	**20,907,124**	**20,782,896**	**20,675,420**	**21,403,124**	**21,486,253**
Program Revenues					
Governmental Activities					
Charges for Services:					
Economic Development and Regulation	131,404	174,341	181,360	35,782	44,888
Education and Cultural Resources	51,316	60,134	36,264	43,110	42,653
Natural Resources and Recreation	84,298	74,903	74,790	86,968	80,956
Health	355,442	313,897	388,944	349,863	305,624
Social Services	65,950	49,591	51,379	48,210	47,401
Protection of Persons and Property	276,993	225,468	233,979	232,056	229,268
Transportation	180,079	172,753	180,278	174,375	196,398
General Government	242,313	175,615	207,517	217,181	219,982
Operating Grants and Contributions	8,071,538	8,061,784	8,212,505	8,985,884	9,148,048
Capital Grants and Contributions	966,966	976,217	864,113	936,928	927,443
Total Governmental Activities Program Revenues	**10,426,299**	**10,284,703**	**10,431,129**	**11,110,357**	**11,242,661**
Business-type Activities					
Charges for Services:					
Unemployment Compensation	359,914	434,928	474,633	546,618	411,147
State Port Authority	162,617	149,275	143,644	120,248	119,414
Alabama Community College System	168,466	180,608	163,235	188,877	183,247
Alcoholic Beverage Control Board	296,337	280,295	276,879	265,184	252,647
Nonmajor Proprietary Funds	95,218	102,916	99,350	85,437	81,939
Operating Grants and Contributions	336,172	473,220	713,385	985,767	1,176,837
Capital Grants and Contributions	17,863	6,398	6,469	12,354	31,809
Total Business-type Activities Program Revenues	**1,436,587**	**1,627,640**	**1,877,595**	**2,204,485**	**2,257,040**
Total Primary Government Program Revenues	**$ 11,862,886**	**$ 11,912,343**	**$ 12,308,724**	**$ 13,314,842**	**$ 13,499,701**

GASB Statement 61 redefined the reporting entity in 2013. 2012 was restated but it was not practical to restate years prior to 2012.

2009	2008	2007	2006	2005
$ 306,533	$ 410,911	$ 335,373	$ 215,950	$ 185,680
6,393,573	7,197,095	6,680,377	5,764,988	5,203,315
113,621	131,327	131,688	145,414	82,841
5,555,138	5,316,763	5,361,666	4,823,686	4,641,315
1,977,390	1,753,526	1,678,091	1,627,951	1,606,588
1,112,213	1,095,652	1,014,248	1,032,088	1,031,731
1,120,902	1,067,671	997,376	1,025,928	882,823
949,493	990,432	887,576	790,214	746,369
51,184	57,253	43,508	42,672	43,052
17,580,047	**18,020,630**	**17,129,903**	**15,468,891**	**14,423,714**
1,005,780	330,068	248,448	232,447	251,137
150,073	127,200	115,714	89,939	85,984
829,039	812,195	745,122	683,618	646,868
253,312	249,389	230,370	215,832	192,278
79,297	77,189	84,115	78,382	78,760
2,317,501	**1,596,041**	**1,423,769**	**1,300,218**	**1,255,027**
19,897,548	**19,616,671**	**18,553,672**	**16,769,109**	**15,678,741**
50,219	139,257	129,173	120,178	128,684
46,835	43,018	36,739	13,881	17,430
86,470	90,851	68,641	67,126	70,258
353,893	329,533	333,592	270,428	230,063
46,275	27,163	26,309	24,038	23,604
256,596	257,968	219,999	203,535	201,763
196,137	184,262	196,902	191,625	172,771
271,790	449,333	351,389	464,057	336,764
7,609,718	6,670,099	6,617,849	6,612,934	6,311,129
812,481	874,111	719,041	801,902	651,709
9,730,414	**9,065,595**	**8,699,634**	**8,769,704**	**8,144,175**
230,729	247,862	248,987	283,774	323,849
105,174	136,835	113,233	93,200	88,938
162,567	154,798	166,961	158,348	146,819
251,199	252,265	239,852	219,433	202,959
82,318	80,140	80,354	79,578	79,047
666,931	305,339	270,897	277,667	269,667
49,654	13,717	19,413	45,053	22,776
1,548,572	**1,190,956**	**1,139,697**	**1,157,053**	**1,134,055**
$ 11,278,986	**$ 10,256,551**	**$ 9,839,331**	**$ 9,926,757**	**$ 9,278,230**

Continued on next page...

CHANGES IN NET POSITION (Continued from previous page)

Last Ten Fiscal Years

(Amounts in Thousands)

	2014	2013	2012	2011	2010
Net (Expense)/Revenue					
Governmental Activities	$ (8,911,412)	$ (8,725,398)	$ (8,269,259)	$ (7,937,597)	$ (7,562,484)
Business Activities	(132,826)	(145,155)	(97,437)	(150,685)	(424,068)
Total Primary Government Net (Expense) Revenue	**(9,044,238)**	**(8,870,553)**	**(8,366,696)**	**(8,088,282)**	**(7,986,552)**
General Revenues and Other Changes in Net Position					
Governmental Activities					
Sales and Use Taxes	2,398,362	2,343,322	2,280,723	2,187,852	2,108,834
Income Taxes	3,627,582	3,505,081	3,291,987	3,098,756	2,973,246
Motor Fuels Taxes	545,976	541,603	540,666	547,720	551,210
Utility Taxes	640,104	621,684	598,533	671,347	684,437
Insurance Premium Tax	306,359	297,072	278,196	263,428	263,243
Property Tax	334,275	326,255	324,751	315,389	315,321
Liquor Taxes	171,297	163,026	161,447	156,689	156,098
Tobacco and Cigarette Taxes	126,103	128,714	132,567	136,702	136,311
Grants and Contributions Not Restricted to Specific Programs	9,096	10,421	9,140	9,093	40,323
Unrestricted Investment Earnings	209,954	213,988	292,612	114,227	283,425
Miscellaneous	1,119,266	1,097,897	1,105,929	1,021,019	932,347
Transfers	(254,652)	(259,085)	(276,228)	(300,368)	(274,800)
Total Governmental Activities	**9,233,722**	**8,989,978**	**8,740,323**	**8,221,854**	**8,169,995**
Business-type Activities					
Liquor Taxes	11,823	11,864	11,832	11,065	10,558
Miscellaneous	9,500	17,625	14,560	12,711	11,562
Contributions to Permanent Funds and Endowments	11	82	40	462	102
Special Items	-	-	-	-	(9,147)
Transfers	254,652	259,085	276,228	300,368	274,800
Total Business-type Activities	**275,986**	**288,656**	**302,660**	**324,606**	**287,875**
Total Primary Government General Revenues and Other Charges	**9,509,708**	**9,278,634**	**9,042,983**	**8,546,460**	**8,457,870**
Change in Net Position					
Governmental Activities	322,310	264,580	471,064	284,257	607,511
Business-type Activities	143,160	143,501	205,223	173,921	(136,193)
Total Primary Government Change in Net Position	**$ 465,470**	**$ 408,081**	**$ 676,287**	**$ 458,178**	**$ 471,318**

GASB Statement 61 redefined the reporting entity in 2013. 2012 was restated but it was not practical to restate years prior to 2012.

2009	2008	2007	2006	2005
$ (7,849,633)	$ (8,955,035)	$ (8,430,269)	$ (6,699,187)	$ (6,279,538)
(768,929)	(405,085)	(284,072)	(143,165)	(120,973)
(8,618,562)	**(9,360,120)**	**(8,714,341)**	**(6,842,352)**	**(6,400,511)**
2,079,718	2,261,452	2,432,286	2,110,577	2,086,070
3,108,459	3,512,255	3,446,018	3,172,117	2,938,046
542,887	550,811	569,369	568,880	533,696
697,141	667,573	656,027	601,473	556,211
267,726	292,866	278,139	275,230	274,698
320,603	314,379	301,158	267,062	252,142
155,592	136,125	163,161	147,651	137,244
140,016	143,836	156,700	152,751	157,715
785	-	-	-	6,159
205,111	(181,318)	443,575	222,779	202,601
754,619	828,616	830,817	821,942	715,513
(357,623)	(444,314)	(379,209)	(321,020)	(261,067)
7,915,034	**8,082,281**	**8,898,041**	**8,019,442**	**7,599,028**
9,930	9,912	9,831	9,314	8,598
12,400	13,426	4,555	10,172	10,413
71	88	131	122	201
-	-	-	-	-
357,623	444,314	379,209	321,020	261,067
380,024	**467,740**	**393,726**	**340,628**	**280,279**
8,295,058	**8,550,021**	**9,291,767**	**8,360,070**	**7,879,307**
65,402	(872,754)	467,772	1,320,254	1,319,490
(388,906)	62,655	109,654	197,464	159,306
$ (323,504)	**$ (810,099)**	**$ 577,426**	**$ 1,517,718**	**$ 1,478,796**

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Amounts in Thousands)

	2014	2013	2012	2011	2010
General Fund					
Nonspendable	$ 3,118	$ 2,971	$ 4,003	$ 3,269	$ 0
Assigned	1,894	3,641	1,885	1,377	-
Unassigned	119,396	87,922	7,403	(24,796)	-
Reserved	-	-	-	-	5,474
Unreserved	-	-	-	-	79,184
Total General Fund	**124,408**	**94,534**	**13,291**	**(20,150)**	**84,658**
All Other Governmental Funds					
Nonspendable	109,648	102,851	100,216	74,617	-
Restricted	5,705,513	5,781,727	5,718,220	5,182,487	-
Assigned	41,799	47,801	86,576	36,953	-
Unassigned	(98,990)	(207,356)	(455,521)	(326,458)	-
Reserved	-	-	-	-	3,450,427
Unreserved, Designated for Capital Projects	-	-	-	-	153,318
Unreserved, Designated for Debt Service	-	-	-	-	689
Unreserved, Undesignated, Reported In:					
Special Revenue Funds	-	-	-	-	1,368,248
Permanent Funds	-	-	-	-	24,374
Total All Other Governmental Funds	**$ 5,757,970**	**$ 5,725,023**	**$ 5,449,491**	**$ 4,967,599**	**$ 4,997,056**

Accounting principles for reporting fund balances changed in 2011 with the implementation of GASB Statement 54. Prior years are not required to be reclassified. GASB Statement 61 redefined the reporting entity in 2013. 2012 was restated but it was not practical to restate years prior to 2012.

2009	2008	2007	2006	2005
$ 0	$ 0	$ 0	$ 0	$ 0
-	-	-	-	-
-	-	-	-	-
5,519	5,303	5,772	3,314	6,003
216,623	376,391	399,009	403,022	317,879
222,142	**381,694**	**404,781**	**406,336**	**323,882**
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,163,363	3,191,402	3,498,507	3,165,956	2,888,340
83,481	185,790	440,559	275,528	292,934
968	4,513	5,332	4,866	4,606
1,192,314	1,351,620	2,133,319	2,513,422	2,081,782
30,201	24,938	20,659	16,173	12,147
$ 4,470,327	**$ 4,758,263**	**$ 6,098,376**	**$ 5,975,945**	**$ 5,279,809**

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Amounts in Thousands)

	2014	2013	2012	2011	2010
Revenues					
Taxes	$ 9,169,181	$ 8,933,677	$ 8,621,089	$ 8,293,168	$ 8,072,384
Licenses, Permits, and Fees	778,606	684,533	679,897	664,064	667,087
Fines, Forfeits, and Court Settlements	148,451	202,986	255,370	162,358	150,366
Investment Income	252,698	237,924	327,136	132,776	313,159
Federal Grants and Reimbursements	8,455,805	8,483,042	8,443,239	9,292,000	9,306,121
Other Revenues	1,150,608	1,064,083	1,149,236	1,116,093	1,198,260
Total Revenues	19,955,349	19,606,245	19,475,967	19,660,459	19,707,377
Expenditures					
Economic Development and Regulation	115,103	116,286	82,604	186,281	204,464
Education and Cultural Resources	6,506,117	6,366,268	6,369,327	6,710,719	6,427,782
Natural Resources and Recreation	149,825	153,860	151,359	149,952	183,387
Health	6,507,467	6,351,112	6,372,507	6,077,718	6,129,642
Social Services	2,365,849	2,423,399	2,459,795	2,578,242	2,350,328
Protection of Persons and Property	1,107,139	1,027,538	1,104,876	1,158,878	1,114,794
Transportation	1,680,024	1,685,764	1,557,750	1,501,744	1,560,242
General Government	893,213	982,379	930,737	1,033,994	1,054,077
Capital Outlay	49,834	55,876	80,479	52,646	42,525
Debt Service - Principal Retirement	270,795	244,736	357,677	54,892	50,493
Debt Service - Interest and Other Charges	198,700	189,960	187,763	51,874	52,672
Debt Service - Current Refunding to Bondholders	-	82,802	-	-	52,610
Total Expenditures	19,844,066	19,679,980	19,654,874	19,556,940	19,223,016
Other Financing Sources (Uses)					
Transfers In	2,809,995	2,733,138	2,869,361	1,409,958	1,247,478
Bonds Issued	128,985	690,870	15,700	-	110,000
Refunding Bonds Issued	814,000	131,160	257,585	91,195	112,030
Capital Leases	6,834	538	45,551	5,989	2,322
Other Debt Issued	-	-	-	24,262	62,136
Debt Issuance Premiums	165,400	115,957	40,085	8,491	20,746
Debt Issuance Discounts	-	-	-	-	-
Insurance Recovery Proceeds	3,849	9,834	5,368	5,059	3,465
Transfers Out	(3,105,254)	(3,004,228)	(3,157,233)	(1,686,355)	(1,592,790)
Payments to Refunded Bond Escrow Agent	(966,941)	(66,681)	(102,030)	(96,755)	(74,415)
Total Other Financing Sources (Uses)	(143,132)	610,588	(25,613)	(238,156)	(109,028)
Net Increase (Decrease) for the Year	**(31,849)**	**536,853**	**(204,520)**	**(134,637)**	**375,333**
Debt Service as a Percentage of Noncapital Expenditures	**2.53%**	**2.73%**	**2.8%**	**0.56%**	**0.55%**

GASB Statement 61 redefined the reporting entity in 2013. 2012 was restated but it was not practical to restate years prior to 2012.

2009	2008	2007	2006	2005
$ 8,008,871	$ 8,446,889	$ 8,252,828	$ 7,758,564	$ 7,269,833
659,189	649,742	652,895	611,044	564,523
254,739	148,030	44,180	42,347	47,168
243,477	(142,347)	519,855	300,993	227,980
7,606,333	6,697,069	6,379,007	6,643,162	6,194,503
1,244,254	1,523,910	1,550,167	1,379,486	1,309,343
18,016,863	17,323,293	17,398,932	16,735,596	15,613,350
226,554	84,627	79,409	70,554	62,894
6,388,357	7,166,373	6,423,025	5,643,964	5,087,885
164,682	194,725	133,234	171,848	120,188
5,535,484	5,125,487	5,165,879	4,650,515	4,477,717
1,969,621	1,717,523	1,693,797	1,625,180	1,610,677
1,085,493	1,025,662	982,932	1,011,272	1,005,967
1,577,388	1,556,330	1,522,329	1,512,116	1,399,903
959,411	987,302	933,855	840,293	726,704
92,995	272,032	168,402	56,835	66,823
56,388	71,213	68,616	81,727	78,195
47,655	61,514	48,453	40,319	37,201
-	23,625	-	-	-
18,104,028	18,286,413	17,219,931	15,704,623	14,674,154
1,391,457	1,841,818	1,520,089	1,460,110	1,254,049
-	10,000	305,000	61,150	103,920
-	22,660	-	-	57,975
9,504	171	11,738	1,989	659
-	-	-	-	-
-	1,210	9,333	1,085	5,242
-	-	-	-	(580)
2,395	4,579	3,024	7,725	-
(1,757,948)	(2,289,913)	(1,907,908)	(1,791,969)	(1,527,416)
-	-	-	-	(27,949)
(354,592)	(409,475)	(58,724)	(259,910)	(134,100)
(441,757)	**(1,372,595)**	**120,277**	**771,063**	**805,096**
0.6%	**0.74%**	**0.69%**	**0.79%**	**0.81%**

REVENUE CAPACITY
Major Revenue Base: Personal Income by Industry

Last Ten Years
(Amounts in Thousands)

Industry	2013	2012	2011	2010	2009
Mining	$ 844,224	$ 873,167	$ 855,675	$ 743,147	$ 677,671
Utilities	1,733,868	1,665,648	1,726,128	1,560,235	1,547,726
Construction	7,523,153	7,218,495	6,835,481	6,986,512	6,938,577
Manufacturing	16,427,913	15,868,766	15,120,512	14,613,248	14,516,966
Wholesale Trade	5,432,703	5,259,914	5,210,209	5,016,542	5,022,683
Retail Trade	8,126,336	7,873,681	7,752,956	7,554,415	7,450,385
Transportation and warehousing	4,168,155	4,024,836	3,671,504	3,383,582	3,262,369
Finance and insurance	6,022,506	5,808,731	5,593,404	5,180,225	5,322,747
Professional and technical services	9,428,750	9,255,346	9,125,930	8,811,166	9,025,490
Government and government enterprises	24,784,221	24,773,906	25,240,263	24,985,637	24,130,691
All other	91,848,691	90,527,167	86,975,059	83,366,437	78,930,890
Total Personal Income	$ 176,340,520	$ 173,149,657	$ 168,107,121	$ 162,201,146	$ 156,826,195
State Income Taxes	3,250,033	3,067,212	2,816,245	2,582,590	2,726,100
Average Effective Rate*	1.84%	1.77%	1.68%	1.59%	1.74%

Source: Bureau of Economic Analysis, U.S. Department of Commerce

*Note: The average rate for personal income equals state income taxes divided by total personal income.
Year 2013 is the most recent year data available.

2008	2007	2006	2005	2004
$ 789,493	$ 705,789	$ 769,925	$ 703,645	$ 594,464
1,579,468	1,521,605	1,452,230	1,352,708	1,395,318
7,611,799	7,956,401	7,794,587	6,984,855	6,417,429
16,403,497	16,668,609	16,559,619	15,709,098	14,975,606
5,425,759	5,280,265	5,085,925	4,787,590	4,513,658
7,635,379	7,914,533	7,770,191	7,467,785	7,086,267
3,474,537	3,511,236	3,433,574	3,220,367	3,024,247
5,389,427	5,350,485	5,295,524	4,876,915	4,495,077
9,074,491	8,123,021	7,657,331	6,970,506	6,648,878
23,283,803	22,169,113	20,819,101	20,003,459	19,036,828
78,407,463	73,962,566	69,713,614	65,903,602	62,586,535
$ 159,075,116	$ 153,163,623	$ 146,351,621	$ 137,980,530	$ 130,774,307
$ 3,034,890	$ 3,010,548	$ 2,845,204	$ 2,557,831	$ 2,239,973
1.91%	1.97%	1.94%	1.85%	1.71%

REVENUE CAPACITY
Revenue Rates: Individual and Corporate Income Tax Rates

Last Ten Calendar Years

Filing Status Taxable Net Income Level	**2005-2006** Rate
Single, Head of Family, Married Filing Separate	Gross Income of $1,875 or more
Not Over $500	2%
Over $500 But Not Over $3,000	4%
Over $3,000	5%
Married Filing Jointly	Gross Income of $3,750 or more
Not Over $1,000	2%
Over $1,000 But Not Over $6,000	4%
Over $6,000	5%

Filing Status Taxable Net Income Level	**2007-2014** Rate
Single	Gross Income of $4,000 or more
Not Over $500	2%
Over $500 But Not Over $3,000	4%
Over $3,000	5%
Head of Family	Gross Income of $7,700 or more
Not Over $500	2%
Over $500 But Not Over $3,000	4%
Over $3,000	5%
Married Filing Separate	Gross Income of $5,250 or more
Not Over $500	2%
Over $500 But Not Over $3,000	4%
Over $3,000	5%
Married Filing Jointly	Gross Income of $10,500 or more
Not Over $1,000	2%
Over $1,000 But Not Over $6,000	4%
Over $6,000	5%

	2005-2014
Corporate Income Tax Rates	6.5%

Source: Alabama Department of Revenue

ALABAMA
TENNESSEE
TENNESSEE RIVER
RIVER
RIVER
COOSA
BLACK WARRIOR
TALLAPOOSA
CHLAHA R.
RIVER
RIVER
ALABAMA
TOMBIGBEE
CONECUH R.
PEA R.
MISSISSIPPI
GEORGIA
FLORIDA
Gulf of Mexico
GREAT SEAL

REVENUE CAPACITY
Principal Revenue Payers: Individual Income Tax Filers and Liability

Last Nine Years

For Tax Year 2013

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	477,298	26%	26,620	1%
12,001- 24,000	383,349	20%	150,738	6%
24,001- 39,000	307,355	16%	284,139	10%
39,001- 60,000	255,616	14%	383,903	14%
60,001- 80,000	149,247	8%	326,314	12%
OVER 80,000	299,707	16%	1,545,771	57%
TOTAL	1,872,572	100%	2,717,485	100%

For Tax Year 2012

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	495,994	26%	28,657	1%
12,001- 24,000	388,751	21%	150,991	5%
24,001- 39,000	304,155	16%	282,810	10%
39,001- 60,000	253,402	13%	385,291	13%
60,001- 80,000	147,366	8%	327,971	11%
OVER 80,000	295,562	16%	1,745,714	60%
TOTAL	1,885,230	100%	2,921,434	100%

For Tax Year 2011

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	508,015	27%	25,527	1%
12,001- 24,000	391,371	21%	148,582	6%
24,001- 39,000	301,431	16%	275,551	10%
39,001- 60,000	251,925	13%	377,668	14%
60,001- 80,000	145,089	8%	318,738	12%
OVER 80,000	280,952	15%	1,509,678	57%
TOTAL	1,878,783	100%	2,655,744	100%

For Tax Year 2010

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	491,334	27%	18,570	1%
12,001- 24,000	379,344	21%	135,460	6%
24,001- 39,000	299,181	15%	268,620	11%
39,001- 60,000	248,925	14%	361,130	15%
60,001- 80,000	144,736	8%	305,220	12%
OVER 80,000	270,012	15%	1,338,410	55%
TOTAL	1,833,532	100%	2,427,410	100%

For Tax Year 2009

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	533,337	28%	24,573	1%
12,001- 24,000	397,273	21%	150,509	6%
24,001- 39,000	309,742	16%	278,400	11%
39,001- 60,000	256,580	13%	376,757	16%
60,001- 80,000	144,920	8%	311,292	13%
OVER 80,000	262,361	14%	1,292,084	53%
TOTAL	1,904,213	100%	2,433,615	100%

Note: Due to legal confidentiality issues, the names of the ten largest individual income tax payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's income tax revenue.

Source: Alabama Department of Revenue
Year 2013 is the most recent data available.

For Tax Year 2008

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	514,586	28%	22,000	1%
12,001- 24,000	377,749	20%	161,000	6%
24,001- 39,000	301,812	16%	269,000	11%
39,001- 60,000	253,458	14%	359,000	15%
60,001- 80,000	146,330	8%	300,000	12%
OVER 80,000	265,237	14%	1,344,000	55%
TOTAL	1,859,172	100%	2,455,000	100%

For Tax Year 2007

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 12,000	526,003	27%	25,258	1%
12,001- 24,000	416,646	21%	159,353	6%
24,001- 39,000	330,490	17%	289,406	10%
39,001- 60,000	268,594	14%	387,854	14%
60,001- 80,000	151,822	8%	320,206	12%
OVER 80,000	272,191	13%	1,576,154	57%
TOTAL	1,965,746	100%	2,758,231	100%

For Tax Year 2006

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 10,000	372,455	22%	22,525	2%
10,001- 20,000	326,257	20%	107,094	7%
20,001- 40,000	408,237	24%	273,349	18%
40,001- 60,000	216,114	13%	230,940	15%
60,001- 80,000	130,007	8%	192,987	13%
OVER 80,000	211,074	13%	680,800	45%
TOTAL	1,664,144	100%	1,507,695	100%

For Tax Year 2005

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
LESS THAN 10,000	382,264	24%	23,678	1%
10,001- 20,000	325,968	20%	114,997	6%
20,001- 40,000	396,010	24%	328,108	17%
40,001- 60,000	206,285	13%	302,402	16%
60,001- 80,000	125,030	8%	267,624	14%
OVER 80,000	185,030	11%	895,822	46%
TOTAL	1,620,587	100%	1,932,631	100%

REVENUE CAPACITY
Principal Revenue Payers: Corporate Income Tax Filers and Liability

Last Eight Years

For Tax Year 2012

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	19,466	82%	5,635	1%
50,001- 100,000	1,137	5%	5,277	1%
100,001- 500,000	1,726	7%	25,689	6%
500,001- 1,000,000	432	2%	19,911	5%
1,000,001- and higher	835	4%	385,641	87%
TOTAL	23,596	100%	442,153	100%

For Tax Year 2011

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	18,652	83%	5,579	1%
50,001- 100,000	1,112	5%	5,140	1%
100,001- 500,000	1,594	7%	23,728	6%
500,001- 1,000,000	434	2%	20,141	5%
1,000,001- and higher	729	3%	371,488	87%
TOTAL	22,521	100%	426,076	100%

For Tax Year 2010

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	18,989	85%	5,448	1%
50,001- 100,000	1,023	5%	4,703	1%
100,001- 500,000	1,398	6%	20,888	5%
500,001- 1,000,000	348	1%	16,250	4%
1,000,001- and higher	689	3%	360,704	89%
TOTAL	22,447	100%	407,993	100%

For Tax Year 2009

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	18,232	84%	5,295	2%
50,001- 100,000	989	5%	4,498	1%
100,001- 500,000	1,392	6%	19,764	6%
500,001- 1,000,000	377	2%	16,337	5%
1,000,001- and higher	653	3%	279,096	86%
TOTAL	21,643	100%	324,990	100%

For Tax Year 2008

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	19,535	83%	6,316	1%
50,001- 100,000	1,217	5%	5,570	1%
100,001- 500,000	1,624	7%	23,328	5%
500,001- 1,000,000	423	2%	17,709	4%
1,000,001- and higher	783	3%	419,016	89%
TOTAL	23,582	100%	471,939	100%

Note: Due to legal confidentiality issues, the names of the ten largest corporate income tax payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's income tax revenue.

Source: Alabama Department of Revenue
Year 2012 is the most recent data available.

For Tax Year 2007

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	20,384	82%	6,815	1%
50,001- 100,000	1,400	6%	6,378	1%
100,001- 500,000	1,805	7%	26,855	5%
500,001- 1,000,000	467	2%	21,468	4%
1,000,001- and higher	784	3%	491,206	89%
TOTAL	24,840	100%	552,722	100%

For Tax Year 2006

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	20,673	83%	7,355	1%
50,001- 100,000	1,421	5%	6,487	1%
100,001- 500,000	1,735	7%	25,872	5%
500,001- 1,000,000	458	2%	21,311	4%
1,000,001- and higher	767	3%	469,768	89%
TOTAL	25,054	100%	530,793	100%

For Tax Year 2005

Alabama Taxable Income	Number of Filers	Percentage of Total	Tax Liability (In Thousands)	Percentage of Total
50,000 and lower	28,371	89%	6,141	2%
50,001- 100,000	1,166	4%	5,209	1%
100,001- 500,000	1,392	4%	20,079	5%
500,001- 1,000,000	362	1%	16,642	4%
1,000,001- and higher	545	2%	339,126	88%
TOTAL	31,836	100%	387,197	100%

DEBT CAPACITY
Ratios of Outstanding Debt

Last Ten Fiscal Years
(Amounts in Thousands, Except Per Capita Amount)

	2014	2013	2012	2011	2010
Primary Government					
Governmental Activities:					
General Obligation Bonds	$ 680,476	$ 705,367	$ 713,718	$ 748,183	$ 775,893
Revenue Bonds	3,517,971	3,580,726	3,044,393	3,176,226	3,163,629
Capital Leases/Notes/Mortgages	184,946	173,661	181,117	144,811	117,115
Total Governmental Activities	**4,383,393**	**4,459,754**	**3,939,228**	**4,069,220**	**4,056,637**
Business-type Activities:					
Revenue Bonds	633,492	658,267	672,162	665,620	647,299
Capital Leases/Notes/Mortgages	5,848	5,442	6,840	8,871	11,688
Total Business-Type Activities	**639,340**	**663,709**	**679,002**	**674,491**	**658,987**
Total Primary Government	**$ 5,022,733**	**$ 5,123,463**	**$ 4,618,230**	**$ 4,743,711**	**$ 4,715,624**
Debt as a percentage of Personal Income †	2.85%	2.91%	2.67%	2.82%	2.91%
Amount of Debt per Capita †	$ 1,039	$ 1,060	$ 959	$ 988	$ 985

Notes: Details regarding the State's outstanding debt can be found in the note 5 of the financial statements.
Fiscal year 2014 personal income and population data are estimated.
All years presented with revised population and personal income data.
Debt for years prior to 2014 have been restated for the effects of GASB statement 61.

† See the Schedule of Demographic and Economic Statistics on page 293 for personal income and population data.

2009	2008	2007	2006	2005
$ 687,336	$ 721,145	$ 773,253	$ 516,973	$ 507,503
2,889,186	3,000,661	1,966,774	2,104,047	2,186,384
43,549	41,934	42,352	25,643	32,100
3,620,071	**3,763,740**	**2,782,379**	**2,646,663**	**2,725,987**
629,275	623,599	569,575	391,849	409,238
14,275	16,224	20,877	39,228	33,986
643,550	**639,823**	**590,452**	**431,077**	**443,224**
$ 4,263,621	**$ 4,403,563**	**$ 3,372,831**	**$ 3,077,740**	**$ 3,169,211**
2.72%	2.77%	2.20%	2.10%	2.30%
$ 896	$ 933	$ 722	$ 665	$ 694

DEBT CAPACITY
Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years
(Amounts in Thousands, Except Per Capita Amount)

Fiscal Year	General Obligation Bonds Payable	Revenue Bonds	Total Debt Outstanding	Amounts Available in Debt Service Funds	Net Bonded Debt	Percentage of of Personal Income †	Per Capita †
2014	$ 680,476	$ 4,151,463	$ 4,831,939	$ 205,795	$ 4,626,144	2.67%	$ 957
2013	705,367	4,238,993	4,944,360	187,061	4,757,299	2.75%	984
2012	713,718	3,716,555	4,430,273	172,030	4,258,243	2.46%	884
2011	748,183	3,841,846	4,590,029	152,556	4,437,473	2.64%	924
2010	775,893	3,810,928	4,586,821	156,883	4,429,938	2.75%	926
2009	687,336	3,518,461	4,205,797	87,100	4,118,697	2.67%	866
2008	721,145	3,624,260	4,345,405	141,953	4,203,452	2.62%	891
2007	773,253	2,536,349	3,309,602	143,580	3,166,022	2.08%	678
2006	516,973	2,495,896	3,012,869	98,154	2,914,715	2.02%	630
2005	507,503	2,595,622	3,103,125	136,384	2,966,741	2.19%	649

Note: Details regarding the State's outstanding debt can be found in the note 5 of the financial statements.

† See the Schedule of Demographic and Economic Statistics on page 293 for personal income and population data.

Debt for years prior to 2014 have been restated for the effects of GASB Statement 61.

Fiscal year 2014 personal income and population data are estimated.

All years presented with revised population and personal income data.

The *Constitution of Alabama of 1901* prohibits the issuance of debt by the State. The State does issue revenue bonds which are limited obligations of public corporations governed by State officials. General Obligation bonds are issued only by voter ratified amendments to the *Constitution of Alabama of 1901*.

DEBT CAPACITY
Pledged Revenue Coverage – Primary Government Revenue Bonds

Last Ten Fiscal Years
(Amounts in Thousands)

	2014	2013	2012	2011	2010
State Port Authority					
Revenue-Charges for facilities usage	$ 162,318	$ 147,508	$ 144,686	$ 121,533	$ 106,460
Debt Service					
Principal	8,770	8,290	7,895	7,525	7,165
Interest	17,063	17,350	17,983	16,775	12,361
Coverage [1]	6.28	5.75	5.59	5.00	5.45
Alabama College System					
Revenue-Tuition and Fees	146,506	170,709	169,874	169,124	148,468
Debt Service					
Principal	25,511	14,226	16,575	15,475	14,955
Interest	11,115	11,351	11,881	11,652	11,393
Coverage [1]	4.00	6.67	5.97	6.23	5.63
Federal Aid Highway Finance Authority					
Revenue-Federal Revenue	941,952	913,307	823,507	923,363	979,460
Debt Service					
Principal	22,675	14,540	13,930	13,605	13,010
Interest	18,562	14,440	3,412	5,259	5,890
Coverage [1]	22.84	31.52	47.49	48.95	51.82
Alabama Incentives Financing Authority					
Tennessee Valley Exhibit Commission					
Revenue-Tennessee Valley Electric Payment	18,118	19,055	20,642	19,903	20,851
Debt Service					
Principal	5,360	6,025	5,045	4,935	140
Interest	12,573	11,919	6,977	7,088	6,638
Coverage [1]	1.01	1.06	1.72	1.66	3.08

Details regarding the State's outstanding bonds can be found in Note 5 of the financial statements.

[1] Coverage equals revenue divided by debt service.

2009	2008	2007	2006	2005
$ 103,420	$ 125,070	$ 109,735	$ 88,155	$ 87,022
6,830	7,250	6,260	5,910	5,575
14,656	13,428	9,770	10,124	10,459
4.81	6.05	6.85	5.50	5.43
130,763	119,710	119,246	114,737	112,875
14,150	14,311	12,970	12,045	9,112
12,198	12,027	9,448	9,968	6,521
4.96	4.55	5.32	5.21	7.22
726,063	831,530	748,952	790,928	648,831
12,450	11,920	11,415	10,910	10,430
6,527	7,136	7,669	8,123	8,550
38.26	43.64	39.25	41.56	34.18
20,813	19,313	18,328	18,592	17,462
1,760	2,630	2,480	2,340	2,205
5,982	6,202	7,473	7,920	7,508
2.69	2.19	1.84	1.81	1.80

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DEBT CAPACITY
Pledged Revenue Coverage – Primary Government Revenue Bonds
(Continued from previous page)
Last Ten Fiscal Years
(Amounts in Thousands)

	2014	2013	2012	2011	2010
Public School and College Authority					
Revenue-General Sales Tax, Utility Tax, Use Tax	$ 2,459,428	$ 2,353,497	$ 2,441,387	$ 2,370,684	$ 2,328,626
Debt Service					
Principal	178,200	163,325	101,770	69,180	71,235
Interest	115,995	108,860	123,123	114,892	132,698
Coverage [1]	8.36	8.65	10.86	12.88	11.42
Mental Health Financing Authority					
Revenue-Cigarette Tax	5,510	5,652	5,930	6,121	6,205
Debt Service					
Principal	1,650	1,400	1,325	1,255	1,190
Interest	437	448	195	234	270
Coverage [1]	2.64	3.06	3.90	4.11	4.25
Alabama Revolving Fund Authority					
Revenue-Mobile Telecommunications Tax	70,117	80,511	82,404	94,790	105,919
Debt Service					
Principal	905	885	865	-	515
Interest	940	962	984	746	702
Coverage [1]	38.00	43.59	44.57	127.06	87.03
Alabama Twenty-first Century Authority					
Revenue-Tobacco Settlement	13,000	13,000	13,000	13,000	13,000
Debt Service					
Principal	8,525	180	6,530	6,205	5,910
Interest	4,281	4,287	7,110	6,339	6,659
Coverage [1]	1.02	2.91	0.95	1.04	1.03

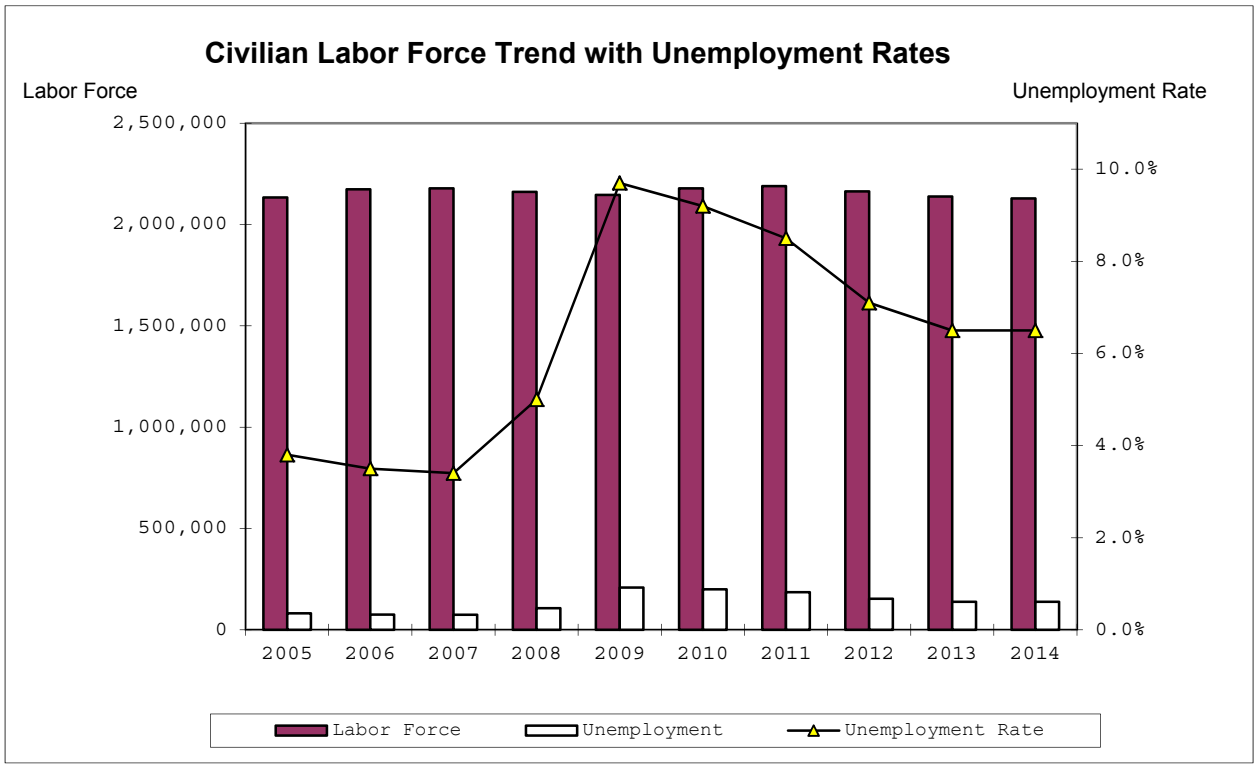
Details regarding the State's outstanding bonds can be found in Note 5 of the financial statements.

[1] Coverage equals revenue divided by debt service.

2009	2008	2007	2006	2005
$ 2,307,959	$ 2,514,550	$ 2,482,747	$ 2,374,944	$ 2,162,285
130,720	91,215	87,765	110,240	72,640
116,126	93,359	72,688	76,720	78,218
9.35	13.62	15.47	12.70	14.33
6,364	6,562	6,828	6,996	6,929
4,710	4,775	4490	4,420	5,590
505	745	969	1,145	2,544
1.22	1.19	1.25	1.26	0.85
108,781	101,287	101,057	90,919	84,892
475	440	405	370	345
743	780	815	847	876
89.31	83.02	82.83	74.71	69.53
13,000	13,000	13,000	13,000	13,000
5,625	5,360	5,100	4,855	4,660
6,958	7,241	7,513	7,773	8,022
1.03	1.03	1.03	1.03	1.03

Last Ten Years

Year	Labor Force	Employment	Unemployment	Unemployment Rate
2005	2,133,177	2,051,893	81,284	3.8%
2006	2,173,817	2,098,462	75,355	3.5%
2007	2,178,480	2,104,157	74,323	3.4%
2008	2,160,934	2,053,747	107,187	5.0%
2009	2,145,622	1,936,662	208,960	9.7%
2010	2,178,219	1,978,198	200,021	9.2%
2011	2,189,650	2,003,695	185,955	8.5%
2012	2,163,035	2,009,603	153,432	7.1%
2013	2,138,048	1,999,848	138,200	6.5%
2014	2,128,429	1,990,100	138,329	6.5%

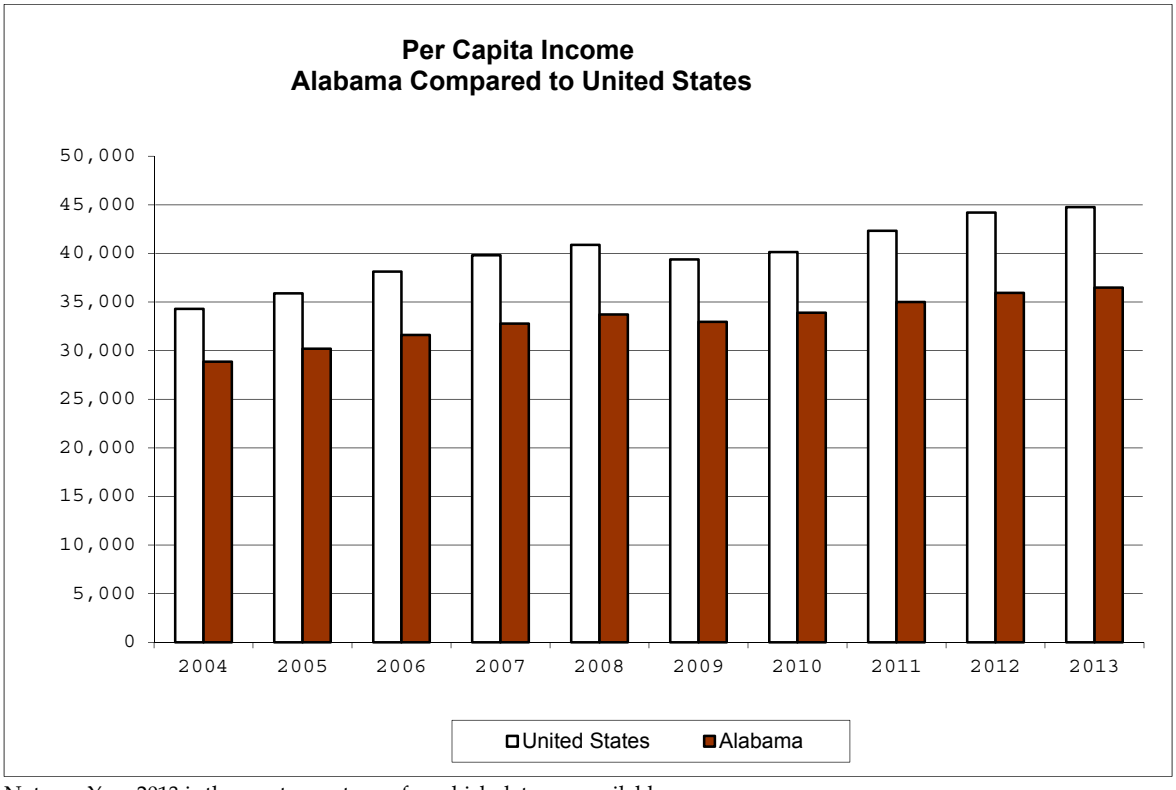


Note: Data were not seasonally adjusted.
2009-2014 data reflects revised population controls and model reestimation with the Bureau of Labor Statistics.
Sources: Local Area Unemployment Statistics, Bureau of Labor Statistics, U. S. Department of Labor

DEMOGRAPHIC AND ECONOMIC INFORMATION
Population/Per Capita Personal Income Statistics

Last Ten Years

	Population		Per Capita Personal Income		Personal income (in Thousands)	
Year	United States	Alabama	United States	Alabama	United States	Alabama
2004	292,805,298	4,530,729	34,300	28,864	10,043,231,000	130,774,307
2005	295,516,599	4,569,805	35,888	30,194	10,605,595,000	137,980,530
2006	298,379,912	4,628,981	38,127	31,616	11,376,405,000	146,351,621
2007	301,231,207	4,672,840	39,804	32,777	11,990,104,000	153,163,623
2008	304,093,966	4,718,206	40,873	33,715	12,429,234,000	159,075,116
2009	306,771,529	4,757,938	39,379	32,961	12,080,223,000	156,826,195
2010	309,326,295	4,785,570	40,144	33,894	12,417,659,000	162,201,146
2011	311,582,564	4,801,627	42,332	35,010	13,189,935,000	168,107,121
2012	313,873,685	4,817,528	44,200	35,942	13,873,161,000	173,149,657
2013	316,128,839	4,833,722	44,765	36,481	14,151,427,000	176,340,520



Note: Year 2013 is the most recent year for which data are available.
Each year's data is updated by the U.S. Department of Commerce.
Sources: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce

DEMOGRAPHIC AND ECONOMIC INFORMATION
Top Ten Employers in Alabama

Last Ten Years

	2014			2013		
Employer	Employment Range	Rank	% of Total State Employment	Employment Range	Rank	% of Total State Employment
Wal Mart Associates Inc	30,000-39,999	1	1.89%	30,000-39,999	1	1.96%
Army	20,000-29,999	2	1.35%	20,000-29,999	2	1.39%
Regions Bank	5,000-9,999	3	0.41%	5,000-9,999	7	0.41%
University of Alabama-Birmingham	5,000-9,999	4	0.41%	5,000-9,999	4	0.41%
US Postal Service	5,000-9,999	5	0.41%	5,000-9,999	5	0.41%
Mobile Education Board	5,000-9,999	6	0.41%	5,000-9,999	3	0.41%
Alabama Power Co Electric	5,000-9,999	7	0.41%	5,000-9,999	6	0.41%
Publix Alabama LLC	5,000-9,999	8	0.41%	5,000-9,999	9	0.41%
Huntsville Hospital	5,000-9,999	9	0.41%	5,000-9,999	8	0.41%
Ascension Health Minsitry Service	5,000-9,999	10	0.41%	-	-	-
Auburn University	-	-	-	5,000-9,999	10	0.41%
	90,000-149,990		6.52%	90,000-149,990		6.63%

	2012			2011		
Employer	Employment Range	Rank	Total State Employment	Employment Range	Rank	Total State Employment
Wal Mart Associates Inc	30,000-39,999	1	1.93%	30,000-39,999	1	1.93%
Army	20,000-29,999	2	1.38%	20,000-29,999	2	1.38%
Mobile Education Board	5,000-9,999	3	0.41%	5,000-9,999	3	0.41%
U S Postal Service	5,000-9,999	4	0.41%	5,000-9,999	4	0.41%
University Of Alabama-Birmingham	5,000-9,999	5	0.41%	5,000-9,999	5	0.41%
Alabama Power Co Electric	5,000-9,999	6	0.41%	5,000-9,999	6	0.41%
Univ. Of Alabama In Birmingham Medical Center	5,000-9,999	7	0.41%	5,000-9,999	8	0.41%
Regions Bank	5,000-9,999	8	0.41%	5,000-9,999	7	0.41%
Huntsville Hospital	5,000-9,999	9	0.41%	5,000-9,999	9	0.41%
The University of Alabama	5,000-9,999	10	0.41%	5,000-9,999	10	0.41%
	90,000-149,990		6.59%	90,000-149,990		6.59%

Note: All figures are based on March of each year. Percentage of Total State Employment is based on the midpoints in the ranges given. State of Alabama is excluded.
Source: Alabama Department of Labor - Labor Market Information Division

Employer	2010 Employment Range	2010 Rank	2010 % of Total State Employment	2009 Employment Range	2009 Rank	2009 % of Total State Employment	2008 Employment Range	2008 Rank	2008 % of Total State Employment
Wal Mart Associates Inc	30,000-39,999	1	1.94%	30,000-39,999	1	1.90%	30,000-39,999	1	1.80%
Army	20,000-29,999	2	1.39%	20,000-29,999	2	1.36%	20,000-29,999	2	1.28%
U S Postal Service	5,000-9,999	3	0.42%	5,000-9,999	3	0.41%	10,000-19,999	4	0.77%
Mobile Education Board	5,000-9,999	4	0.42%	5,000-9,999	4	0.38%	5,000-9,999	3	0.39%
Regions Bank	5,000-9,999	5	0.42%	5,000-9,999	9	0.41%	5,000-9,999	5	0.39%
University Of Alabama-Birmingham	5,000-9,999	6	0.42%	5,000-9,999	6	0.41%	5,000-9,999	6	0.39%
Alabama Power Co Electric	5,000-9,999	7	0.42%	5,000-9,999	7	0.41%	5,000-9,999	7	0.39%
U. Of Ala In Bham Medical Center	5,000-9,999	8	0.42%	5,000-9,999	8	0.41%	5,000-9,999	9	0.39%
Pilgrims Pride Corporation	5,000-9,999	9	0.42%	5,000-9,999	10	0.41%	5,000-9,999	8	0.39%
Huntsville Hospital	5,000-9,999	10	0.42%	-	-	-	5,000-9,999	10	0.39%
Winn Dixie	-	-	-	5,000-9,999	5	0.41%	-	-	-
	90,000-149,990		6.69%	95,000-159,990		6.58%	95,000-159,990		6.89%

Employer	2007 Employment Range	2007 Rank	2007 % of Total State Employment	2006 Employment Range	2006 Rank	2006 % of Total State Employment	2005 Employment Range	2005 Rank	2005 % of Total State Employment
Wal Mart Associates Inc	30,000-39,999	1	1.79%	30,000-39,999	1	1.82%	30,000-39,999	1	1.87%
Army	20,000-29,999	2	1.28%	20,000-29,999	2	1.30%	20,000-29,999	2	1.33%
U S Postal Service	10,000-19,999	3	0.77%	5,000-9,999	7	0.39%	5,000-9,999	9	0.40%
Mobile Education Board	10,000-19,999	4	0.77%	5,000-9,999	3	0.39%	5,000-9,999	3	0.40%
Regions Bank	5,000-9,999	5	0.38%	5,000-9,999	10	0.39%	-	-	-
University Of Alabama-Birmingham	5,000-9,999	6	0.38%	5,000-9,999	4	0.39%	5,000-9,999	4	0.40%
Pilgrims Pride Corporation	5,000-9,999	7	0.38%		-		-	-	-
U. Of Ala In Bham Medical Center	5,000-9,999	8	0.38%	5,000-9,999	6	0.39%	5,000-9,999	8	0.40%
Alabama Power Co Electric	5,000-9,999	9	0.38%	5,000-9,999	5	0.39%	5,000-9,999	7	0.40%
Winn Dixie Montgomery	5,000-9,999	10	0.38%	5,000-9,999	9	0.39%	5,000-9,999	6	0.40%
Gold Kist Inc	-	-	-	5,000-9,999	8	0.39%	5,000-9,999	10	0.40%
Brunos Supermarkets Inc	-	-	-	-	-		5,000-9,999	5	0.40%
	100,000-169,990		6.89%	90,000-149,990		6.40%	90,000-149,990		6.40%

State Government Employment by Function

Last Ten Years

	2014	2013	2012	2011	2010
Primary Government					
Governmental Activities:					
Economic Development and Regulation	708	719	724	745	802
Education and Cultural Resources	1,292	1,111	1,089	1,183	1,254
Natural Resources and Recreation	1,459	1,453	1,483	1,476	1,451
Health	5,429	5,069	6,032	5,403	5,626
Social Services	5,824	5,713	5,696	5,911	6,108
Protection of Person and Property	7,815	8,253	8,422	8,137	8,521
Transportation	4,329	4,795	4,963	4,989	5,363
General Government	4,469	4,048	4,031	4,464	4,587
Total Governmental Activities	**31,325**	**31,161**	**32,440**	**32,308**	**33,712**
Business-type Activities:					
Alcoholic Beverage Control Board	879	896	899	906	902
State Port Authority	187	187	188	181	185
Alabama Community College System	1,909	1,879	1,941	1,953	1,950
Total Business-Type Activities	**2,975**	**2,962**	**3,028**	**3,040**	**3,037**
Total Primary Government	**34,300**	**34,123**	**35,468**	**35,348**	**36,749**

Note: Includes State Merit System, House, Senate, and Administrative Office of the Courts.

Sources: Alabama Personnel Department
Alabama Commission on Higher Education
Alabama Administrative Office of the Courts
Alabama House of Representatives
Alabama Senate

2009	2008	2007	2006	2005
881	881	882	836	824
1,200	1,226	1,210	1,117	1,104
1,454	1,608	1,378	1,460	1,383
5,513	5,644	5,493	5,167	4,890
5,966	5,968	6,163	6,277	6,313
8,445	8,317	8,057	7,842	7,733
5,301	5,368	5,263	5,169	5,138
4,686	4,731	4,458	4,173	4,124
33,446	**33,743**	**32,904**	**32,041**	**31,509**
901	898	895	851	778
193	200	184	165	150
1,937	1,916	1,885	1,792	1,766
3,031	**3,014**	**2,964**	**2,808**	**2,694**
36,477	**36,757**	**35,868**	**34,849**	**34,203**

OPERATING INFORMATION
Indicators of Demand or Level of Service

Last Nine Fiscal Years

	2014	2013	2012	2011	2010
Economic Development and Regulation					
Forestry Commission					
Number of fires	1,485	1,682	1,421	3,665	2,314
Average acres burned	16	13	12	19	11
Agriculture and Industries					
Pounds of meat processed under inspection	83,532,371	104,532,371	87,148,545	92,168,293	111,056,537
Educational and Cultural Resources					
Education Department					
Teachers	46,232	46,089	46,073	47,573	48,165
Number of local schools supported	1,491	1,501	1,496	1,523	1,520
Number of children served	740,567	739,295	743,130	749,084	739,198
Natural Resources and Recreation					
Conservation and Natural Resources					
Number of guests to outdoor recreational sites	3,524,785	4,231,342	3,992,768	3,899,694	3,758,217
Acres of land managed	436,445	424,621	318,535	293,559	210,834
Number of registered boats	263,893	266,697	266,003	250,402	248,514
Health - Physical and Mental					
Public Health					
Vital records issued	572,855	552,565	471,065	440,327	432,547
Medicaid					
Average number of monthly recipients	422,142	422,448	416,558	411,062	397,583
Average Number of claims processed monthly	1,697,512	1,830,587	1,799,182	1,785,966	1,726,496
Social Services					
Industrial Relations					
Employment Security claims	217,804	256,490	284,253	346,020	359,287
Human Resources					
Number of visits to licensed child care centers	2,508	2,420	2,581	3,203	3,254
Child support caseload	230,915	236,273	236,000	234,000	229,000
Households receiving food assistance	420,629	421,302	411,710	387,214	344,788
Number of child abuse/neglect assessments	22,151	20,456	19,884	19,538	17,221
Protection of Persons and Property					
Department of Corrections					
Number of inmates	24,816	25,340	25,376	25,651	25,390
Public Safety					
Arrest tickets issued	236,958	289,757	411,086	436,802	533,220
Accidents investigated	28,423	29,150	31,544	30,227	30,520
Pardons and Paroles					
Number of board decisions	7,967	9,450	11,946	11,097	10,284
Number of offenders supervised	64,534	64,525	67,339	75,132	71,578
Forensic Sciences					
Number of death cases investigated	2,631	2,464	2,394	2,476	2,403
Transportation					
Transportation Department					
Roadway miles	10,871	10,871	10,870	10,849	10,876
Bridges	5,401	5,393	5,390	5,395	5,374
General Government					
Administrative Office of Courts					
Caseload	1,682,245	1,814,366	2,039,383	2,248,910	2,589,067
Revenue Department					
Number of payments received	3,104,588	2,925,412	3,460,511	4,368,358	3,318,271

2009	2008	2007	2006
2,094	2,450	4,591	4,932
11	10	16	15
97,868,453	105,603,617	88,835,448	88,823,389
49,364	49,364	49,574	47,319
1,376	1,367	1,358	1,364
739,197	744,000	739,552	742,977
3,366,161	3,082,009	3,031,646	2,961,506
198,802	197,451	10,946	8,298
271,206	273,406	273,987	243,483
479,904	517,723	584,475	501,984
375,542	350,646	n/a	n/a
1,631,021	1,500,484	n/a	n/a
506,603	285,075	237,697	237,389
3,435	4,060	3,650	2,946
229,635	228,479	228,019	229,078
280,625	231,470	226,855	209,316
n/a	29,301	28,566	27,216
25,854	25,303	27,062	24,159
568,505	538,910	407,289	324,627
30,904	33,115	31,939	36,147
12,954	12,158	11,546	13,375
67,579	66,196	58,862	49,269
2,512	4,098	3,607	3,756
10,877	10,875	11,235	10,846
5,368	5,362	5,683	5,328
2,611,460	2,589,796	2,353,372	2,041,982
3,296,454	3,304,603	n/a	n/a

	2014	2013	2012	2011	2010
Economic Development and Regulation					
Forestry Commission					
Buildings	159	159	159	159	160
Vehicles	400	307	303	360	379
Heavy Equipment	613	569	547	569	654
Educational and Cultural Resources					
Education Television					
Buildings	25	25	25	25	26
Natural Resources and Recreation					
Conservation and Natural Resources					
Buildings	680	678	671	677	678
Vehicles	743	761	739	740	760
Heavy Equipment	219	223	218	222	214
Health					
Environmental Management					
Vehicles	161	185	173	177	183
Mental Health					
Buildings	85	189	190	190	190
Vehicles	79	80	91	134	132
Social Services					
Human Resources					
Buildings	37	36	36	34	31
Protection of Persons and Property					
Agriculture and Industries					
Vehicles	158	163	154	165	246
Corrections					
Buildings	405	399	391	385	370
Vehicles	560	535	503	504	446
Military					
Buildings	646	641	647	657	665
Public Safety					
Vehicles	1,131	1,184	1,089	1,372	1,353
Youth Services					
Buildings	112	112	113	114	115
Vehicles	89	86	85	114	106
Pardons and Paroles					
Vehicles	324	319	312	329	321
Transportation					
Transportation					
Buildings	583	583	562	526	510
Vehicles	2,062	2,193	2,099	2,276	2,039
Heavy Equipment	1,047	1,096	1,032	1,092	1,093
General Government					
Administrative Office of Courts					
Vehicles	14	14	14	22	23
Revenue Department					
Vehicles	21	28	29	34	29

2009	2008	2007	2006	2005
159	142	142	142	142
380	371	397	326	322
657	671	690	682	741
26	24	24	24	24
668	659	631	611	609
778	774	759	689	672
211	207	211	212	210
163	178	189	196	192
251	359	359	362	415
132	184	172	167	158
30	31	30	30	30
249	234	233	236	222
370	362	362	362	362
421	446	448	404	332
669	680	642	688	688
1,275	1,375	1,357	1,159	1,287
118	119	118	118	118
103	101	96	89	82
322	305	262	252	248
510	501	473	472	472
2,062	2,343	2,379	2,356	2,389
1,061	1,146	1,127	1,130	1,184
22	20	17	7	7
26	27	27	27	37